

**MISCELLANEOUS LAND BILLS; SECURE RURAL SCHOOLS ACT;
DOI VOLUNTEER RECRUITMENT ACT; AND AMEND THE
NATIONAL GEOLOGIC MAPPING ACT**

HEARING
BEFORE THE
SUBCOMMITTEE ON PUBLIC LANDS AND FORESTS
OF THE
COMMITTEE ON
ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE
ONE HUNDRED NINTH CONGRESS
FIRST SESSION

on

S. 179	S. 213
S. 267	S. 305
S. 476	S. 485

MARCH 8, 2005



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**MISCELLANEOUS LAND BILLS; SECURE
RURAL SCHOOLS ACT; DOI VOLUNTEER RE-
CRUITMENT ACT; AND AMEND THE NA-
TIONAL GEOLOGIC MAPPING ACT**

TUESDAY, MARCH 8, 2005

U.S. SENATE,
SUBCOMMITTEE ON PUBLIC LANDS AND FORESTS,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 10 a.m. in room SD-366, Dirksen Senate Office Building, Hon. Larry E. Craig presiding.

**OPENING STATEMENT OF HON. LARRY E. CRAIG,
U.S. SENATOR FROM IDAHO**

Senator CRAIG. Well, good morning, everyone, and welcome to the Public Lands and Forests Subcommittee of the Energy and Natural Resources Committee.

Before I make opening statements—and the ranking member, Senator Bingaman, is here, of the full committee—I'm going to allow Senator Hatch to make an opening statement in relation to a bill before the committee at this time on a land exchange in the state of Utah, so that he can return to the Judiciary Committee.

So, Orrin, welcome before the committee. We're ready to take testimony on S. 476.

**STATEMENT OF HON. ORRIN HATCH, U.S. SENATOR
FROM UTAH**

Senator HATCH. Well, thank you so much, Mr. Chairman and Senator Bingaman. I appreciate your courtesy in letting me go first, because I do have a Federal judge up in front of the Judiciary Committee.

I want to thank you again for holding this hearing today and for allowing me to testify in support of S. 476, the Boy Scouts of America Land Transfer Act of 2005.

This legislation will allow for the transfer of 120 acres between the Utah National Parks Council of the Boy Scouts of America and Brian Head Ski Resort. Boy Scouts throughout Utah will greatly benefit from this legislation, and I am grateful for the opportunity to further explain the need for this bill today.

In a 1983 land patent, the Bureau of Land Management granted roughly 1,300 acres to the Boy Scouts of America, to be used as a Boy Scout camp. The Scout camp, known as Camp Thunder Ridge,

is situated in the mountains adjacent to Brian Head Ski Resort and near Cedar Breaks National Monument. At the time the patent was granted, a local rancher owned parcels of land adjacent to, and in the middle of, the camp. And, several years ago the rancher gave those lands to Brian Head.

Now, it is in the interest of both parties to exchange these lands. The Scouts need to improve their camp, and Brian Head needs access to their land. However, under the patent, land cannot be sold or exchanged without an act of Congress; thus, the need for S. 476. And in drafting this legislation, I worked closely with the Boy Scouts, Brian Head, and the BLM to come up with this legislation, for which all parties have agreed.

Mr. Chairman, let me explain why this land is so important to the Boy Scouts and why they have fought for more than 20 years to secure it. The camp is located in a mountainous area. Much of it is situated in steep terrain covered with pine and aspen trees. There is a small portion of the camp, however, that is level and clear, and this area is used by the Scouts for their campsites, camping facilities, and shooting and archery ranges.

Currently, Brian Head Ski Resort owns acreage right in the middle of this part of the camp. Obtaining additional acreage in this area will allow the Boy Scouts to expand their archery and rifle ranges. It will allow them to make these ranges safer for the boys. It also will help the Scouts expand and improve their camping facilities, and will allow them to install much needed septic tanks. This small land exchange will allow Camp Thunder Ridge to help young Scouts more fully enjoy their scouting experience.

Hundreds of young Scouts visit Camp Thunder Ridge each year. The camp caters to both new and experienced Scouts, and offers a wide variety of programs and activities. The camp provides merit badge classes in Scout-craft handicrafts, ecology, shooting, sports, and aquatics. It offers a unique opportunity for young men to learn vital skills and further their scouting goals. And, as any Scout knows, camps like these are essential to moving forward in the scouting program.

So I fondly look back on my own experiences as a Boy Scout. I learned important lessons that certainly continue to serve me well. And for that reason, I urge all of the Members to support S. 476 and to promptly take action on this important legislation.

And, again, Mr. Chairman and other Members of the committee, I thank you for your courtesy to me, and appreciate your work on this bill.

Senator CRAIG. Senator Hatch, thank you very much. We appreciate your work on the Judiciary Committee. Thank you.

Senator HATCH. Thank you.

Senator CRAIG. I have now been joined by Senator Ron Wyden, the ranking member of the Subcommittee on Public Lands and Forests. And he will certainly make an opening statement in a few moments.

Ron, I have not yet made my opening statement. Let me do that, as we move along.

I think what is most important today, in dealing with the legislation before us—we certainly heard of one—we have S. 179, Sierra National Forest Land Exchange Act of 2003, before us today, along

with S. 213, the Rio Arriba County Land Conveyance Act. I think most of us, though, are most intent on S. 267, the Secure Rural Schools and Community Self-Determination Reauthorization Act of 2005, a bill to reauthorize the Secure Rural Schools and Community Self-Determination Act of 2000. And, also, we have S. 305, Department of the Interior Volunteer Recruitment Act of 2005, a bill to authorize the Secretary of the Interior to recruit volunteers to assist with, or facilitate the activities of, various agencies and offices of the Department of the Interior.

Before I go on with my statement, though, I do want to recognize one of the growing benefits of the program of the Secure Rural Schools and Community Self-Determination Act. We have students with us today from Chelan County, Washington. They are part of a 4-H Forestry Education Program funded by title II and title III dollars of this very act. Both Senator Wyden and I much prefer to call it the Craig-Wyden Act; or, if we're in Oregon, it's the Wyden-Craig Act. So the program is also in receipt of the "Caring for the Land" award from the U.S. Forest Service for Outstanding Environmental Education.

Would you young folks stand up, please, and allow us to recognize you. Congratulations on your work. Thank you.

[Applause.]

Senator CRAIG. I think one of the most exciting things for both Senator Wyden and me is to see the work that goes on within this bill, this law, and the benefits that are now accruing. And I thought it appropriate today to introduce those young people. They are simply one of hundreds of examples now of quality work going on within the program and the funding that comes from it.

I'd like to welcome Under Secretary Mark Rey and Deputy Assistant Secretary Chris Kearney, who are here to testify on behalf of the Administration on all of the bills I've mentioned.

I also noted that we will be hearing from a couple of old friends of the subcommittee today, Bob Douglas, of the National Forest County Schools Coalition, and Mike Francis, from the Wilderness Society.

Bob, I want to thank you and the coalition for working so hard to make the implementation of the Secure Rural Schools and Community Self-Determination Act a success. There are lots of counties and people that owe you a tremendous debt of gratitude. It is through your effort that we are able to work toward reauthorization of this important legislation.

Mike, it is good to see you again. I am told you are generally in favor of the reauthorization of S. 267, but have one concern about the shift to who decides when and where to use the Log Sort Yard Pilot Program. I look forward to working with you to help you understand why further empowerment of the local Resource Advisory Committees is good policy. And I do look forward to hearing your thoughts on all of the issues in relation to the legislation.

I know many people are put off by the amount of money that California, Washington, and Oregon get, relative to other states, in the formula we want to reauthorize in S. 267, but we have to remember, the formula is based on historic receipts, and we have to face facts. Those are the states where the timber sales program generated the most receipts.

Second, I know that some others complain about the \$5 million that New Mexico gets in community forest restoration funding, on top of the \$2.2 million they get in title I and title III payments. Senator Bingaman is here to speak to that this morning and to hear testimony on this bill. And I want you to know that both title V and title VI of Public Law 106-393 were part and parcel of the original authorization. They are in this reauthorization, and I will stand shoulder to shoulder with you and our other Senate colleagues who want to see these funding formulas reauthorized as we were back in 2000.

But I fear that if we start to tinker with the formulas, we risk having to tinker with all the provisions of the law. And I think what we'll hear this morning is, the law is working well and very successfully; in many instances, I think, beyond the expectation of both Senator Wyden and myself. Certainly we are now hearing tremendously glowing reviews, time and time again, as the programs go forward, whether it's county road funds or county school funds or these different titles, or, most importantly, the tremendous collaborative effort going about with the RACs.

I am told, to date, that over 1,200 different programs have been approved by the RACs, and not one of them challenged in court. Now, that's some kind of record when we're dealing with public policy, especially on our public lands today. Why is it happening? Because all parties are at the table, working collaborative and cooperatively together, and, when final decisions are made, they're made in a way that produces the product that ultimately stands on its own, by its own merits. So I'm extremely pleased about that.

Let me turn to my colleague, Senator Wyden, for any opening comments he would like to make.

**STATEMENT OF HON. RON WYDEN, U.S. SENATOR
FROM OREGON**

Senator WYDEN. Thank you, Mr. Chairman. And you've made an excellent statement, and I certainly agree with all of the key points that you've made, and have only a couple of additions. And, like you said, this has really produced a revolution in forest-dependent communities. If anybody had said, 5, 6 years ago, that the administration, the Forest County Schools Coalition, and the Wilderness Society would all be here talking about this reauthorization, I think we would have said, "That is one band of brothers you would not have suspected coming into being." I think it's really a tribute to all—your patience, Mr. Chairman, and others who have worked to make this coalition possible.

I'm going to be in and out a bit this morning, but I would just like to make one point, in terms of the timetable, and—with you here, Mr. Chairman, and, of course, our ranking minority member who's been so helpful.

My concern is that the budget is going to be marked up in the committee starting tomorrow and Thursday. Now, if the Secure Rural Schools legislation is in the budget, then all is hunky dory and we can certainly say we're off to the races in a promising way. If Secure Rural Schools is not in the budget, however, then I'm going to have to try, at least in an effort to get it started, to come up with a way to get it in and to start coming up with the offsets.

I would hope, this morning, that we could get a commitment, particularly from Mr. Rey, who has just been so helpful and so constructive in all of this, that we work through this the rest of the day and into the evening to nail down how we ought to proceed. I would very much like to have Senator Domenici's staff there, Senator Bingaman's staff there, Senator Craig's staff, and my staff there, so we can examine essentially where we are, given the budget situation.

If it's in the budget, as I say, we're off to the races. If it's not, I think it would be extremely important for the four of us—our chair, our ranking minority member, Senator Craig, and myself, and there may be other interested Senators; and Frank, if you and Sarah can put the word out as well, there are other interested Senators. I just think it is important, as we go into the afternoon and evening, that we know where we are, in terms of the budgetary process.

And if Mr. Rey would, in his testimony, describe where we are; and if we're not in the budget, I would very much like the Administration to say, this morning, "We're on deck to work with the bipartisan group in this committee to try to figure out how to proceed tomorrow and Thursday," because this is the first step in the long march, and an extremely important step. Because if we don't get some sort of consensus on how to do it through the budget process, you just have more challenges down the road.

Other than that, Mr. Chairman, I think you have reflected my views very well. And I want to thank, particularly, Senator Bingaman and Senator Domenici for all their patience, for these many years, and also Mr. Rey, as well, because he probably knows more about this than anyone on the planet, save Sarah and Frank. We very much need to keep this bipartisan effort going as we go forward over the next couple of days.

And I thank you.

Senator CRAIG. Ron, thank you. And you're absolutely correct, this is a critical time that we do need to focus on during the balance of the week, actually, but in the next few days, as the budget goes to markup.

With that, let me turn to the ranking member of the full Committee on Energy and Natural Resources, Senator Bingaman.

Senator.

STATEMENT OF HON. JEFF BINGAMAN, U.S. SENATOR FROM NEW MEXICO

Senator BINGAMAN. Thank you very much, Mr. Chairman, to you and Senator Wyden, both.

Let me first talk, just a moment, about S. 213, which is the Rio Arriba County Land Conveyance Act. I don't believe there's opposition to it, and we'll get testimony about whether there are technical changes that are needed.

I do have a letter, Mr. Chairman, that is from the county manager for Rio Arriba County, Lorenzo Valdez, and I would ask that the letter be included in the record.

Senator CRAIG. Without objection.

[The letter referred to follows:]

RIO ARriba COUNTY,
BOARD OF COUNTY COMMISSIONERS,
Española, NM, March 1, 2005.

Hon. LARRY CRAIG,
Chairman, Public Lands and Forests Subcommittee, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

Reference: S. 213—Land Conveyance Act

HONORABLE SENATOR CRAIG: The Board of County Commissioners of Rio Arriba County want to thank the Energy and Natural Resource Committee for this opportunity to enter written testimony into the Hearing Record in support of S. 213, a bill seeking the transfer of one-hundred-fifty-seven acres of Bureau of Land Management administered land in the vicinity of Alcalde, New Mexico. We want to thank the Honorable Senators from New Mexico, Senator Jeff Bingaman and Senator Pete Domenici for sponsoring this legislation and also the other members of the Energy and Natural Resources Committee for their devoted service to their country and their time devoted to this matter.

The land being requested for transfer is a small portion of the Sebastian Martin Land Grant on the lower western slopes of the Sangre de Cristo Mountains in the North Central Rio Grande Valley. This property is currently subject to the Bank-Head Jones Act, interesting legislation that intended these lands to provide economic sustainability to the neighboring village communities that were dependent on the Land Grants. Instead it has become very difficult to acquire the right to use them for important projects in the area. These public lands were historically part of the community land base and open to the development of that community. Currently, only 30% of the lands in Rio Arriba County are in private ownership, 70% are in the public domain, this, in a county larger than some states.

The lands in public jurisdiction are administered by several agencies including, the U. S. Forest Service, U. S. Bureau of Land Management, U. S. Bureau of Indian Affairs (Trust Lands) and the New Mexico State Land Office. This land transfer is necessary for the health, safety and welfare of the communities of Rio Arriba County. The lands being requested are not pristine wild lands. They are adjacent to private developed properties and have been industrialized or disturbed utilizing lease applications. These leases are problematic and negatively affect proper planning and management.

The Alcalde Mutual Domestic Water Association has their domestic water supply infrastructure on part of the land requested. This activity includes water storage tanks, wells and right of way easements for water transmission lines. Rio Arriba County has a solid waste collection station on the premises and needs room to expand for services that will protect the surrounding public land from illegal dumping. The county also has to relocate the road department yard because it is now in a very sensitive area near a historical building in a densely populated neighborhood. A small scale rural industrial park for light manufacturing, storage facilities and other business activities are in the plans. The local school system has an elementary school across the highway and the buildings are old and failing, they may need a place to relocate that facility.

The County respectfully suggests to The Congress that a streamlined, affordable process of transferring land to local governments for critical needs be implemented. A flexible administrative process that serves local needs with sensible protective regulation should be developed. The history of the people of New Mexico, Native, Colonial and Recent immigrants have made for a complex relationship and the growth demands are increasing, preserving land for out of state recreationists and commercial interests are valid concerns, but the critical needs of the surrounding constituency should have priority.

Thank you for your attention to these important matters.

Sincerely,

LORENZO J. VALDEZ,
Rio Arriba County Manager.

Senator BINGAMAN. I'm also glad that we're considering S. 485, which is the National Geologic Mapping Reauthorization Act. I've co-sponsored that. I know that you have, as well, Mr. Chairman. I also have a question or two about that.

Finally, on S. 267, obviously I've supported that bill. I continue to support it. I am concerned that, as currently constructed, it does result in the vast majority of the receipts going to a very few

States. I think it's appropriate, before we lock into another 7 years of this legislation—and this is a reauthorization that would extend through 2013—that we look at that formula and see if we can't find a way that would allow more States to benefit, in a real way, from the legislation.

I'm also concerned about the implementation of and proposal to eliminate the requirements of the Merchantable Material Contracting Pilot Program. I'll have some questions of the witnesses on that issue, as well.

Thank you.

Senator CRAIG. Senator, thank you very much. I agree with you, I'm not hearing of any pushback on S. 213. That ought to be able to move fairly quickly.

Now let me invite to our witness table the Honorable Mark Rey, Under Secretary for Natural Resources and the Environment, Department of Agriculture, and Chris Kearney, Deputy Assistant Secretary, Policy Management and Budget, Department of the Interior.

Gentlemen, welcome to the subcommittee. And, Mark, we will start with you. Please proceed.

STATEMENT OF MARK REY, UNDER SECRETARY, NATURAL RESOURCES AND THE ENVIRONMENT, DEPARTMENT OF AGRICULTURE

Mr. REY. Mr. Chairman and members of the subcommittee, thank you for giving me the opportunity to present the views of the Department of Agriculture on S. 267 and S. 179, the Sierra National Forest Land Exchange.

S. 267, the Secure Rural Schools and Community Self-Determination Reauthorization Act of 2005, extends the 2000 legislation, which, itself, embraced three objectives: one, to establish a stable payment for schools and roads that supplements other available funds; two, to make additional investments in public and adjacent private lands; and, three, to improve the cooperative relationships among the people who use and care for Federal lands and the agencies who manage them. The Act authorizes payments from fiscal year 2001 through 2006; hence, the need for a reauthorization before the end of fiscal year 2006.

In my testimony before the subcommittee a month ago today, I indicated that our experience is that the statute is working to achieve each of the three objectives that I just delineated.

Our experience in implementing the Secure Rural Schools Act has shown that a stable payment to States has been achieved; the establishment of Resource Advisory Committees has created a better working relationship with local communities in the Forest Service and the Bureau of Land Management in implementing projects under title II of the Act; and these projects have had a positive impact on improving natural resources conditions on Federal lands.

Receipts have not been sufficient to cover the payments required to be paid under the Secure Rural Schools Act; however, the Act requires any shortfall to be paid out of funds in the Treasury.

The administration could support S. 267, the reauthorization of the 2000 Act, if amended with agreed-upon savings that fully offset the cost of the bill in fiscal years 2007 and beyond, and if the bill

is amended to incorporate other technical or relatively minor changes specified in our testimony. The administration would be happy to work with the committee and the Budget Committees of the House and the Senate to identify necessary offsets.

With respect to S. 179, the Sierra National Forest Land Exchange Act of 2005, the Department supports enactment of S. 179.

With that, I'll submit my full testimony for the record and be happy to respond to your questions.

[The prepared statement of Mr. Rey follows:]

PREPARED STATEMENT OF MARK REY, UNDER SECRETARY, NATURAL RESOURCES AND THE ENVIRONMENT, DEPARTMENT OF AGRICULTURE ON S. 267 AND S. 179

Mr. Chairman and Members of the Subcommittee, thank you for giving me the opportunity to present the views of the U.S. Department of Agriculture on S. 267, a bill to reauthorize P.L. 106-393, the Secure Rural Schools and Community Self-Determination Act of 2000 and S. 179, the Sierra National Forest Land Exchange.

S. 267—THE SECURE RURAL SCHOOLS AND COMMUNITY SELF-DETERMINATION
REAUTHORIZATION ACT OF 2005

The Secure Rural Schools and Community Self-Determination Reauthorization Act of 2005, P.L. 106-393 ("Secure Rural Schools Act") embraces three objectives: 1) to establish a stable payment for schools and roads that supplements other available funds; 2) to make additional investments in public and adjacent private lands; and 3) to improve the cooperative relationships among the people who use and care for federal lands, and the agencies who manage them. The Act authorizes payments for FY 2001-2006.

S. 267 would reauthorize P.L. 106-393 for an additional seven years and would amend other provisions of the Act. The bill would clarify that states must notify the Secretary of Treasury of their counties elections to receive their share of either the 25 percent payment or the full payment amount. The bill would provide an opportunity for counties to return to the 25 percent payment if they wish to do so (currently, if a county elects to receive its share of the states full payment amount, the county may not change its election). Additionally, S. 267 would clarify the source of payments to be reserved by the Secretary of the Treasury to make payments to the states and would revise the conditions for appointments of Resource Advisory Committee members to provide greater flexibility. S. 267 also would revise the merchantable material pilot program to authorize projects under this program if they are recommended by RACs. Finally the bill would add notification and reporting requirements for the Secretary regarding county projects under Title III of P.L. 106-393.

Our experience in implementing the Secure Rural Schools Act has shown that a stable payment to States has been achieved, the establishment of Resource Advisory Committees (RACs) has created a cooperative working relationship with local communities and the Forest Service in implementing projects under Title II of the Act, and these projects have had a positive impact on improving natural resource conditions on National Forests and Grasslands.

Receipts have not been sufficient to cover the payments required to be paid under the Secure Rural Schools Act. However, the Act requires any shortfall to be paid out of funds in the Treasury. The Administration could support S. 267, if amended with agreed upon savings that fully offset the cost of the bill in FY 2007 and beyond, and if the bill is amended to incorporate other changes. The Administration will be happy to work with the committee and the budget committees of the House and Senate to identify offsets.

Amendments to S. 267

The Administration would like to continue to work with the subcommittee on recommended changes to the proposed legislation that would improve the legislation. For example, we recommend that section 2(c) of the bill be removed and we oppose the inclusion of the notification and reporting requirements regarding county projects under Title III of the Secure Rural Schools Act as described in Section 2(f) of the bill. We have concerns about this provision as it requires the Secretary to monitor and report on the use of these funds. We would also like to work with the Committee on other technical and substantive amendments which the Administration will be providing.

S. 179—THE SIERRA NATIONAL FOREST LAND EXCHANGE ACT OF 2005

The Department supports S. 179. Evaluation of the properties was previously conducted. Based on this valuation and resource analysis, the Administration believes the public is receiving above market value for the Federal property. S. 179 authorizes the exchange of 160 acres of Federal land on the Sierra National Forest in California for 80 acres of non-Federal land within one year of the date of enactment. The bill would provide for the exchange of a private in-holding for two isolated parcels of federal land, thus improving management efficiency for the Sierra National Forest.

An existing federal hydropower project is located on a portion of the federal parcel. The federal parcel is adjacent to and also partially inundated by Shaver Lake. The lake is part of the Big Creek System that produces up to 1,056 megawatts of electricity. The Boy Scouts of America operate a scout camp on land adjacent to the federal parcel and conduct some of their activities on the Sierra National Forest for which they have a special use permit.

S. 179 specifies that the value of Federal land is \$250,000 and the value of the non-Federal land is \$200,000. The bill gives the Secretary the authority to accept a cash equalization payment equal to 20 percent of the value of the Federal land or 25 percent of the value of the non-Federal land. The conveyance would be subject to a condition that the recipient of the Federal land would agree to convey the land, within four months to the Sequoia Council of the Boy Scouts of America. Under section 3(a)(1) of the bill, the conveyance would also be made subject to valid existing rights. These valid existing rights would include the terms of the easement required under section 4(b).

Mr. Chairman, this concludes my statement. I would be happy to answer any questions you may have for me at this time.

Senator CRAIG. Mark, thank you very much.

And now, Chris, if you would proceed, please?

STATEMENT OF CHRIS KEARNEY, DEPUTY ASSISTANT SECRETARY FOR POLICY MANAGEMENT AND INTERNATIONAL AFFAIRS, DEPARTMENT OF THE INTERIOR

Mr. KEARNEY. Thank you, Senator.

I'm pleased to be here to discuss the administration's views on five bills being heard by the committee: S. 267, S. 476, S. 213, S. 485, and S. 305. And, in the interest of time, I will very briefly mention each of them.

First, on S. 267, Secure Rural Schools bill, Mr. Rey has outlined the key elements of the legislation. We, at the Department of the Interior, have all, as well, enjoyed a successful effort with the legislation. It has provided us with a number of benefits, particularly the BLM. Our Resource Advisory Committee process has served as a catalyst to bring together diverse groups and individuals with a shared goal of improving our public lands. And, to date, the BLM's five RACs have recommended for approval over \$33 million in title II projects, which have allowed the agency to undertake a greater amount of on-the-ground restoration activities than would have otherwise been possible. Reauthorization of the Act under S. 267 will strengthen those efforts.

The administration, as Mr. Rey said, can support S. 267, if amended, with agreed-upon savings that fully offsets the cost of the bill in 2007 and beyond, and if the bill is amended to incorporate our other changes, the specific concerns with respect to provisions described in my written statement. We would be pleased to work with the subcommittee and the Budget Committees to address this and other amendments to improve the bill.

S. 476, the Boy Scouts of America Land Transfer Act of 2005, provides for the exchange of lands between two private parties, the

Utah National Parks Council and the Boy Scouts of America and Brian Head Resort. The Department of the Interior has a limited role in this legislation in the exchange it facilitates, but does not oppose the legislation.

S. 213, the Rio Arriba County Land Conveyance, which would convey approximately 150.86 acres of land managed by the BLM in Rio Arriba County, New Mexico, to the county for the purpose of providing local government facilities, a new public school, and a cemetery.

The Department supports the conveyance. We recommend some technical clarifications to the bill, and would like the opportunity to work with the sponsor and the subcommittee to develop language to address those clarifications.

S. 485, a bill that would reauthorize the National Geological Mapping of 1992. Throughout the USGS's history, geological mapping has been one of our core capabilities, and mapping has been an integral part of the history of State geological surveys, as well. Such mapping has yielded dividends far beyond its original intended results. Today, the National Cooperative Geological Mapping Program has been extremely effective, looking back over the past 13 years, in providing a benefit to the Nation, and the administration supports this reauthorization bill.

Finally, I'd like to conclude by briefly discussing S. 305, the Interior Department's Volunteer Recruitment Act, which would allow the Secretary to recruit volunteers to assess the activities of various agencies and offices of the Department. We strongly support this bill and encourage its enactment. This bill will fill many statutory gaps, providing authority for the Bureau of Indian Affairs and the Office of the Secretary to work with volunteers to support the renewal of the Take Pride in America program, and perfecting the existing volunteer authority of the USGS and the Bureau of Reclamation.

That concludes my opening statement, and I'd be happy to answer any questions.

[The prepared statement of Mr. Kearney follows:]

PREPARED STATEMENT OF CHRIS KEARNEY, DEPUTY ASSISTANT SECRETARY FOR
POLICY AND INTERNATIONAL AFFAIRS, DEPARTMENT OF THE INTERIOR

ON S. 305

S. 305, the Department of the Interior Volunteer Recruitment Act of 2005, would allow the Secretary of the Interior to recruit volunteers to assist with the activities of various agencies and offices of the Department of the Interior. The Department of the Interior strongly supports this bill and urges that it be enacted. It is consistent with the Administration's program. Through our Take Pride in America program, the Department of the Interior recruits, supports, and recognizes volunteers who work to improve our public lands and cultural and historic sites. Volunteers across America help public land managers fix fences and trails, stabilize soils, replant stream banks devastated by forest fires, restore historic buildings, teach kids to fish, collect data and monitor bird populations. They direct their energy to serving the American public and building a culture of responsibility.

Currently, just five of the Interior Department's eight bureaus have authority to accept volunteers, and two of these have only limited authority to use volunteers. Statutory provisions regarding the proper limitations on using volunteers are inconsistent or nonexistent. S. 305 would provide clear authority to pay for incidental services or costs associated with volunteers, such as providing supplies or transportation to a work site, and for training and supervision of volunteers. This bill would fill many statutory gaps, providing authority for the Bureau of Indian Affairs and the Office of the Secretary to work with volunteers to support the renewal of the

Take Pride in America program, and perfecting the existing volunteer authority of the United States Geological Survey and the Bureau of Reclamation. The Department of the Interior is therefore pleased to support the passage of this legislation.

The bill is entirely consistent with existing authorities. It does not disturb the current statutory volunteer authority of the three bureaus that presently have sufficient authority and avoids disruption of existing programs to the maximum extent possible. This bill would not displace employees.

The Department of the Interior is a leader in the federal government in providing opportunities for volunteer service. Because of our unique mission in support of the Nation's natural and cultural heritage, we believe that expanding volunteer authority makes eminent good sense and that this bill is suitably drafted for that purpose. If this bill is enacted, Americans will have opportunities, for example, to volunteer as tutors in BIA schools. Nineteenth century French writer Alexis de Tocqueville observed that the United States was a nation of voluntary associations. S. 305 will help to make sure our 21st century laws keep this spirit of volunteerism alive.

ON S. 485

Mr. Chairman, I am pleased to be here today to express the Administration's views on S. 485, a bill that would reauthorize the National Geologic Mapping Act of 1992. The Administration supports the reauthorization, but is concerned that the funding level proposed for reauthorization exceeds current appropriations by \$38.8 million. Any additional funding for the National Cooperative Geologic Mapping program will have to compete with other priorities.

Throughout USGS history, geologic mapping has been one of our core capabilities. For state geological surveys, some founded even earlier than the USGS, geologic mapping has been an integral part of their history as well. A map is the best and most understandable way of portraying a great variety of geologic information. The diversity of information produced by a geological map includes: the distribution of mineral, energy and ground water resources; presently active faults whose movements may cause devastating earthquakes; and the distribution of surficial deposits that form the substrate for wetlands and other ecologically diverse settings. Geologic maps and investigations assist in understanding the processes responsible for creating the natural hazards and can extend the knowledge of past events beyond the brief time for which human observations are available. This work is critical in assessing the extent, severity, and likelihood of future events. Wildfires can create conditions that intensify the potential for damage from landslides and excessive erosion in burned-over areas. Hurricanes, floods, and tsunamis leave traces of their destruction in the geologic record (through both erosion and sediment deposition), thereby allowing assessment of long-term risk. These insights can facilitate risk reduction through opportunities to limit damage and loss of life through the designs and placements of future structures. State Geological Surveys and the U.S. Geological Survey play vital advisory roles in such loss-reduction activities. They also aid others in identifying the vulnerability associated with existing structures, which is necessary to facilitate cost-effective mitigation efforts. Maps depicting site response to ground shaking provide essential background information for establishing building codes and defining mitigation strategies. The stakes are high because these hazards collectively cause tens of billions of dollars of annualized damage in the United States. Fortunately, much can be done to reduce the risks and lower the future damages. In the case of assessing the vulnerability of buildings, as in many others, mapping has yielded dividends far beyond its original intended goals.

When the 102nd Congress passed the National Geologic Mapping Act, it recognized that the USGS and the State geological surveys needed a coordinated program to prioritize the geologic mapping requirements of the Nation, and to increase the production of geologic maps. Geologic mapping has always been, and continues to be, a labor intensive exercise that involves field work to collect information; laboratory work to better understand the composition, properties and age of the materials collected; and the use of remote sensing to better extrapolate what has been learned in one location to a larger area. All of these aspects of geologic mapping cost money and require skilled practitioners. It becomes critically important for the USGS and the fifty State geological surveys to husband and leverage their resources. I can confidently tell you today that the National Cooperative Geologic Mapping Program has been extremely effective over the past 13 years doing exactly that. I would like to share some milestones of progress with you.

During the 13 years since passage of the Act, USGS and the State geological surveys have produced well over 7,500 new geologic maps. In 2004 alone, over 400 geologic maps and reports were published. Data in these maps cover a combined area of nearly 100,000 square miles. The high priority areas selected to map were deter-

mined by stakeholder groups, land management agencies, and state mapping advisory committees.

During the last 13 years geologic maps have been completed in National Parks, National Forests, and lands managed by BLM and other land-management agencies. To give one timely example, geologic maps of all four major National Forests in southern California were completed in the past year. These maps were put to good use by the Burned Area Emergency Response teams (BAER) that responded to the fires that devastated large areas between Los Angeles and San Diego. They are continuing to be used during the winter rainy season to predict where major debris flows, and or mud slides, might endanger the local communities.

In 1993, the first year after initial passage of the Act, 34 state geological surveys and the USGS participated in this program to produce new geologic maps. In 2004 the number of State geological surveys participating has grown to 47. In that first year, \$1.2 million was distributed to the state surveys. Since 2001 over \$6 million in federal funds has been matched annually by state survey dollars. Cumulatively, over the 13 years of the program, over \$55 million has been distributed to 48 states, and these federal dollars were matched by state dollars.

In 1995 the education component of the program, EDMAP, was implemented to train the next generation of geologic mappers. This training component fills a gap generally not addressed through National Science Foundation grants and other mechanisms. In the first year of the program, fewer than 40 students received funds to do field work and learn how to construct a geologic map. Currently, over 550 university students from 120 universities across the Nation have received training. Initially, EDMAP only supported graduate students. In 2000, the decision was made to expand support to undergraduate students in the hope that this would positively influence their decision to continue in the Earth Sciences. We are presently in the process of surveying all former EDMAP recipients. I can report, from the information received to date, that this training program has been successful. Of those surveyed candidates that have responded, 100% of the Masters and Ph.D. candidates and 82% of the B.S. candidates have all continued in geoscience. These figures are above the national averages and attest to the strength of EDMAP.

In 1999 two economists from the Illinois State Geological Survey teamed up with the Kentucky Geological Survey to undertake a rigorous analysis of the economic benefits of detailed geologic mapping to Kentucky. Two conclusions from this study are particularly worth mentioning. First, the total value of the geologic mapping program, at the minimum, is at least 25 times the cost of the program. Second, even though the bedrock geologic maps produced in Kentucky were originally created primarily for the coal industry, during the past 20 years these maps have been used by a wide array of users for everything from exploring for groundwater resources to planning cities to finding minerals.

Currently, USGS is in close coordination and agreement with the Association of American State Geologists (AASG) on this reauthorization bill and on associated geologic mapping issues. During the past year we have met to discuss the Act (P.L. 106-148) frequently, and while we recommend a few changes which I will discuss in a moment, we feel that the National Geologic Mapping Act continues to serve the Nation very well and needs little revision. The Act was also reviewed by the Federal Advisory Committee to the National Cooperative Geologic Mapping Program last month, and my comments today incorporate their conclusions as well.

The principal changes in this reauthorization bill are: First, an increase from 48% to 50% of new funds, if appropriated, that will be made available for matching-funds grants to State geological surveys, second, an increase from 2% to 4% of new funds for matching-funds grants to Universities to train the next generation of geologic mappers, and third, keeping future authorization levels equal to the 2005 level in the present Act.

With the development of digital mapping technology and the Internet, geologic maps have become the most effective means of providing decision-makers and their geo-technical consultants with information that they need. All geologic maps being produced today under the auspices of the National Cooperative Geologic Mapping Program are digital, and each year more and more of these maps are being provided on the Internet. However, due to the labor intensive nature of producing geologic maps, a large percentage of the Nation has yet to be mapped. We are encouraged by this legislation to continue in this critical effort. With the development of digital mapping technology, geologic mapping is experiencing a renaissance in its use and applicability. During the past 13 years the USGS and the state geological surveys have worked together to implement the National Geologic Map Database, as called for in the Act. While this database provides a variety of tools and services, I would like to highlight just one—a catalog that provides information on almost every geo-

logic map ever produced in the United States, and how anyone can obtain copies of the maps. This invaluable information spans 60,000 products.

In 2004, the American Geological Institute (AGI) published a new booklet entitled *Meeting Challenges with Geologic Maps*. The USGS, the Association of American State Geologists, the National Park Service, and the Geological Society of America worked with AGI to produce this educational publication. It provides many excellent examples of how geologic maps are a public good and provide benefit to the Nation. This would not be happening without the National Geologic Mapping Act.

Mr. Chairman, in concluding my remarks, I would like to state that the National Geologic Mapping Act of 1992, and its subsequent reauthorizations, have been instrumental in helping focus attention on the Nation's need for a new generation of high-quality geologic maps. The Administration supports the reauthorization, but is concerned that the funding level proposed for reauthorization significantly exceeds current appropriations. Any additional funding for the National Cooperative Geologic mapping program will have to compete with other priorities.

Thank you, Mr. Chairman, for the opportunity to express the views of the Administration on the National Geologic Mapping Act. I would be happy to respond to any questions you may have.

ON S. 213

Thank you for the opportunity to present testimony on S. 213, the Rio Arriba County Land Conveyance Act. S. 213 would convey approximately 150.86 acres of land managed by the Bureau of Land Management (BLM) in Rio Arriba County (County), New Mexico, to the County for the purposes of providing County facilities, a new public school, and a cemetery for a local parish on the lands. The Department supports the conveyance. We recommend some technical clarifications to the bill, and would like the opportunity to work with the sponsors and the Subcommittee to develop language to address these clarifications.

The lands proposed for conveyance in S. 213 are located to the north of Santa Fe, in the vicinity of Alcalde in north-central New Mexico. The growing population in Rio Arriba County has led to an increasing demand for municipal services. However, Rio Arriba County has a limited land base, and has been working with the BLM in an effort to acquire Federal land for use in the County's efforts to provide expanded services.

Under the Recreation and Public Purposes (R&PP) Act, the BLM can administratively transfer Federal lands to local governments at a reduced price, for various public purposes, including schools and municipal facilities. If the lands to be conveyed under S. 213 were part of the public domain, the BLM would have been able to transfer the lands under R&PP Act without the need for authorizing legislation. However, these lands are located on the Sebastian Martin Land Grant and were acquired by the Federal government under the Bankhead-Jones Act. The R&PP Act does not apply to acquired lands. Section 3(c) of S. 213 resolves this issue by directing that the land conveyed under the legislation be treated as public land for purposes of the R&PP Act.

Under the R&PP Act, local governments may purchase Federal lands at reduced prices. The R&PP Act authorizes a schedule of reduced prices established by the Secretary, based upon the fair market value of the property, with a reduction based on the proposed use. For most public purposes, a local government may purchase Federal lands under the R&PP Act for \$10 per acre. The special pricing applies to land which will be under the control of the local government, used for government purposes, and serve the general public. Examples include land on which facilities will be constructed for education and public health, fire and law enforcement, administrative services, social services, storage and maintenance, and public works. We would like the opportunity to work with the Subcommittee to clarify exactly which lands among the 150.86 acres are proposed for which specific uses and to develop a more precise map. Once we have that information, the Secretary would be able to apply the provisions of the R&PP Act to determine the appropriate price to be paid by the County.

We believe some clarifications to the legislation would be helpful. The bill should clarify that valid existing rights are protected. In addition, the bill should resolve the inconsistency between Section 3(a), which directs the Secretary to convey "all right, title, and interest" in the lands, and the R&PP Act, under which the mineral estate is reserved to the United States. In addition, conveyances under the R&PP Act require analysis under the National Environmental Policy Act (NEPA). Also, because the lands to be conveyed under S. 213 were identified for retention under the BLM's Taos Resource Management Plan (RMP), the RMP will need to be amended.

Completion of the requisite NEPA analysis and RMP amendment may not be possible within the one-year time frame prescribed for the land transfer under bill.

Thank you again for the opportunity to testify. We look forward to working with the Subcommittee to help achieve a positive result. I will be happy to answer any questions.

ON S. 267

Thank you for the opportunity to testify at today's hearing on S. 267, the "Secure Rural Schools and Community Self-Determination Reauthorization Act of 2005." The underlying Act, the Secure Rural Schools and Community Self-Determination Act of 2000 (P.L. 106-393) will expire on September 30, 2006. S. 267 extends the authorization of P.L. 106-393 from 2006 until 2013. The Department could support S. 267 if amended with agreed-upon savings that fully offset the costs of the bill in fiscal year 2007 and beyond, and if the bill is amended to incorporate other changes. The Administration would be pleased to work with the Subcommittee and the appropriations committees to address this and other amendments to improve the bill.

Background

As we testified at the Subcommittee's February 8, 2005, oversight hearing on implementation of the Act, in addition to the rangeland managed by the Bureau of Land Management (BLM), the agency also manages 55 million acres of forests and woodlands on the public lands, some 2.5 million of which are located in the 18 western Oregon counties covered by the "O&C Act" (Revested Oregon and California Railroad and Reconveyed Coos Bay Wagon Road Grant Lands Act of 1937.) Of the public lands managed by the BLM, the Secure Rural Schools Act applies exclusively to the 18 O&C counties in western Oregon.

Congress set the stage for the long and close association between the BLM and the O&C counties when, in the O&C Act, it directed the Department of the Interior to manage the O&C lands for "the purpose of providing a permanent source of timber supply, protecting watersheds, regulating stream flow, and contributing to the economic stability of local communities and industries, and providing recreational facilities." The O&C counties receive approximately 50 percent of the receipts from timber harvested from public lands in the counties.

By the late 1980s and early 1990s, litigation regarding the northern spotted owl resulted in steep reductions in timber harvests in the Pacific Northwest, and correspondingly steep reductions in income to counties that depended on revenues from timber harvests on public lands to fund essential local government services. In the years between 1989 and 1993, income to O&C counties from timber harvests dropped by nearly 30 percent, to approximately \$79 million. In response to this, Congress enacted "safety net payments" to stabilize income flow to timber-dependent counties during this tumultuous period, through the Omnibus Budget Reconciliation Act of 1993 (P.L. 103-66).

In 2000, Congress repealed the "safety net payments" and enacted the Secure Rural Schools Act to set a stable level of payments to counties. The Act provided the O&C counties with the option of receiving a full payment amount equal to the average of their three highest timber receipt years from 1986 through 1999. In addition, under the Act the counties elect the percentage of the payment (80-85 percent) to be distributed directly to the counties (Title I), and the remaining percentage (15-20 percent) to be allocated between Title II projects (administered by the BLM), Title III projects (administered by the counties), or returned to the Treasury.

Under Title II, funds are used to support cooperative projects, under the guidance of Resource Advisory Committees (Committees), to restore healthy conditions on public lands or on private lands for the benefit of public land resources. Such projects include wildfire hazard reduction, stream and watershed restoration, forest road maintenance, and road decommissioning or obliteration, control of noxious weeds, and improvement of fish and wildlife habitat. Under Title III of the Act, counties may use funds for emergency services, community service work camps, purchase of easements for recreation or conservation, forest related after-school programs, and fire prevention activities.

The Resource Advisory Committee process authorized by the Act has served as a catalyst to bring together diverse groups and individuals with the shared goal of improving the condition of our public lands. In projects selected through collaborative decision-making, the BLM has worked in partnership with state and local governments and stakeholders to improve the condition of the O&C lands and support the development of community-based strategies to protect these communities from catastrophic wildfire.

To date, the BLM's five Resource Advisory Committees have recommended for approval over \$33 million in Title II restoration projects on public lands or for projects on private lands that enhance public lands. The Act has allowed the BLM to undertake a greater amount of on-the-ground restoration activities than would otherwise have been possible. Reauthorization of the Act, under S. 267, will strengthen these efforts.

S. 267

Section 2(a) of the bill extends the payments authorized under all three titles of the Act from 2006 to 2013. As amended, the payment authorities would sunset on September 30, 2013, and any funds not obligated by September 30, 2014, would be returned to the Treasury.

Section 2(b) of the bill amends, among other things, Section 103(b)(1) of the Act to extend the counties' election to receive 50 percent payments through fiscal year 2013, and adds language to that Act that authorizes the Secretary of the Treasury to give counties the opportunity to elect in writing during the last quarter of fiscal year 2006 to begin receiving the 50 percent payment effective with the payment for fiscal year 2007.

Section 2(c)(2) of the bill amends the Act to state that if the Secretary of the Treasury determines that a shortfall in revenues is likely, all revenues, fee, penalties and miscellaneous receipts, subject to certain limited exceptions, shall be reserved to make payments to the counties for that fiscal year. We believe this section is unnecessary and concur with the Forest Service in recommending that it be removed from the bill.

Section 2(e) of S. 267 amends the "Merchantable Material Contracting Pilot Program" authorized by Section 204(e)(3) of the Act to authorize the Secretary to establish a pilot program at the request of a Resource Advisory Committee to implement one or more the projects recommended by the Resource Advisory Committees. While we have no objection to the amendment, we urge the Subcommittee to consider whether the goals of the Pilot Program can be more effectively reached using Stewardship Contracting authority to implement Title II projects with merchantable materials.

Section 2(f) of the bill amends the Act to add notification requirements by counties receiving funds under the Act. Specifically, it requires participating counties to submit to the Secretary written notification specifying each project for which the county obligated funds during the fiscal year. The Secretary is then required to review the notifications to assess the success of participating counties in achieving the purposes of the bill. Additionally, Section 2(f) amends the Act to require the Secretary to prepare an annual report containing the results of the most recent reviews conducted by the Secretary. We have concerns about this provision as it requires the Secretary to monitor and report on the use of these funds.

To address these and other concerns, the Administration would like to work with the Committee on other technical and substantive amendments which we will be providing. As stated earlier, the Department could support S. 267, if amended with agreed-upon savings that fully offset the costs of the bill in fiscal year 2007 and beyond.

I would be happy to answer any questions.

ON S. 476

Thank you for the opportunity to testify on S. 476, the Boy Scouts of America Land Transfer Act of 2005, introduced by Senator Hatch. The Department of the Interior has a limited role in this legislation and the exchange it facilitates, but does not oppose the legislation.

Background

During the 1970s, the BLM patented nearly 1400 acres of public land through four separate Recreation and Public Purposes (R&PP) Act patents to the Utah National Parks Council of the Boy Scouts of America for the purpose of establishing a campground and recreational area for scouting programs. The campground is now known as Camp Thunder Ridge. Among the restrictions placed on the lands under the provisions of the R&PP Act patents is a prohibition on the sale, transfer or exchange of the lands. Absent this legislation, the Utah National Parks Council of the Boy Scouts would not be able to complete the proposed exchange.

S. 476

S. 476 provides for the exchange of lands between two private parties, the Utah National Parks Council of the Boy Scouts of America and Brian Head Resort. The legislation mandates that the terms and conditions that apply to the original Fed-

eral patent for the parcel of land to be exchanged by the Boy Scouts shall be transferred to the parcel of land to be acquired by the Boy Scouts. The bill further stipulates that the lands are of approximately equal value.

Because the land which the Boy Scouts propose to exchange with Brian Head Resort was patented by the Bureau of Land Management (BLM) under the R&PP Act, the Federal government retains a reversionary interest in the land if the terms and conditions of the original patent are violated. As noted, the legislation would transfer the terms and conditions contained in the original patent to the new parcel of land, creating a reversionary interest in those lands.

The lands proposed for exchange under this bill are in southwestern Utah, near Cedar City in Iron County. It is our understanding that the intent of both parties is to consolidate their respective lands in order to allow for their more efficient use.

Given that the Federal government's interest in this legislation is limited to its reversionary interest, we support the language applying the terms and conditions of the original parcel to the parcel to be acquired. While the BLM does not have independent knowledge of the value of the parcels proposed for exchange, the legislation stipulates that these parcels are of equal value. Ensuring that the parcels to be exchanged are of equal value is critical to protecting the Federal government's interest. Finally, we support the provision in section 3(b)(2) of the bill that provide for Secretarial discretion in the exercise of the Federal government's reversionary interest. Given the potential risks or liabilities that may exist with improvements or hazards on the property, we strongly support this provision.

Thank you for the opportunity to testify, I will be happy to answer any questions.

Senator CRAIG. Gentlemen, thank you very much.

Ron and I were looking out the window at that moisture.

[Laughter.]

Senator CRAIG. Very envious of it for Idaho and Oregon. We're in deep trouble out in our Western States this spring—winter and spring—at least to date, with the absence of moisture.

Anyway, again, thank you. Mark, let me start with you, and thank you for your testimony.

Since I want to spend most of our time on S. 267, let me say thank you for your support of S. 179. I'm sure that the Boy Scouts and Senator Feinstein will appreciate that.

I see, in your testimony, the administration is taking the fiscally responsible position of supporting S. 267, providing offsets can be found in the fiscal year 2007 and beyond budgets.

In fiscal year 2003, the Forest Service contributed to the county payment. The contribution was \$385.1 million. That was based on the formula in Public Law 106-393. That is the average of the high 3 years 25-percent payment between 1986 and 1999. I also note that the actual 2003 25-percent payment would have been approximately \$70.3 million in the absence of Public Law 106-393.

Mark, I have serious concern about the decline of Forest Service receipts. But this is not the time or place to discuss that. I want you to know that we are going to be having some hearings to try to analyze the problem at hand. I've been looking at a graph, and looking at the historic relationships, and they don't fit. And now the Forest Service has become increasingly dependent upon the general fund of our government, and that may be the way the country wants it; but, if so, we need to see what we can do to deal with it responsibly.

As for finding offsets, please get your list of offsets from the Forest Service budget to us. I think that what Ron has suggested is critically important, that we work collectively together. That is also true of you, Chris, because our time is short as we try to resolve where we're going to be in relation to the funding of this, what I believe now, and I think most agree, critical law.

Mark, I see your recommendations for section 2(c) of the bill will be dropped, because you indicated that it is not needed. My staff tells me that, after the passage of the original bill in 2000, several forests in at least two regions reduced their contribution to the 25-percent payment fund below the levels called for in the bill. They did this because they believed the Treasury would pick up the slack.

Given that some of your people did that, what alternative policy have you promulgated, or will you promulgate, to ensure each unit contributes at least 25 percent of their gross receipts to help pay for Public Law 106-393? And in absence of such policy, can you give us a good reason that section 2, subsection (c) shouldn't be included in the bill?

And I also see that you're interested in some changes in sections of S. 267 that call for audit reports of the title III project.

So that's three questions there. If you could deal with those, I would appreciate it.

Mr. REY. First, it is our policy to follow the law, as it's written, in Public Law 106-393, to return all receipts to the National Forest Fund that are required. We have not been able to find any instance where a forest or a region has deliberately not followed the law as required. And, indeed, we have had three clean audits over the last 3 years, so, ostensibly, that sort of misappropriation of funds would have been discovered in those audit procedures.

Assuming, for the sake of argument, that there was an error of that nature, it's an error that does not require a change in the statute. The statute is pretty clear that the money has to be put into the National Forest Fund; ergo, changing it is not required. We need to validate or confirm for ourselves that the information that you have is either correct or not correct. If it's correct, then we have to make sure that we enforce the law, as written.

The second question is, why, in the face of some confusion over that, it's still not a good idea to amend the law, as you all have proposed in section 2(c). And I think the reason for that is, the way you've written it implies that the Secretary of the Treasury has to make a contemporaneous audit during the year to evaluate whether we, in fact, are complying; and then adjust accordingly, if we aren't. And the Secretary of the Treasury indicates to us that that's not something he's capable of doing within a calendar year.

So I think the key here is, before we go about changing what, to us, is a pretty a clear requirement of law, let's ascertain whether, in fact, it hasn't been followed, or that's the case, and if it hasn't been followed, then let's do what needs to be done to remediate that, but let's not change what, to us, is a fairly clear directive, on its face.

In terms of additional suggestions on title III, what the bill proposes is a separate Forest Service audit of title III expenditures, which are expenditures that the Forest Service has no control over, since they're conveyed directly to the counties.

I think a better approach, if you want greater accountability for the expenditure of title III funds—and they are less accountable to the Federal Government now than title II funds—is to account for them in the same way we account for title II funds, which is to make the expenditure of title II funds subject to the approval—to

the review and approval of a Resource Advisory Committee. That provides an independent entity to review the expenditure and, through the work of the Resource Advisory Committee and our aggregation of the data that they provide us, an ability to track how that money is spent. And I think that's far superior than sending the Forest Service off trying to audit county books, which I can assure you will not be well received in many counties in the country. And, probably, our accountants will be poorly received when they show up at the county seat for that purpose.

Senator CRAIG. Thank you, Mark. My time is up. That last suggestion was probably a pretty good one.

Also, I'm still concerned, and my staff, and you, and I will work together. I think that, in region one, we had some problems as it relates to receipts. We seem to have the evidence that needs to be effectively refuted by the agency, or I think my position stands.

Thank you very much. Let me turn to my colleague, Ron Wyden.

Senator WYDEN. Well, thank you both, Mr. Kearney and Mr. Rey, and I appreciate all the constructive help in all of this. I want to think about that last suggestion you made, Mr. Rey, but it certainly sounds sensible to me, I mean, in terms of how we make sure that we get the most value for the dollar. So we'll definitely work with you on it.

What I do want to talk about, though, is the next 60 hours, in terms of this program, because I think the next 60 hours—and I know Senator Smith has a great interest in this, as well—the next 60 hours for this program are a big deal, because, between now and probably very late on Thursday night, that's when the budget is going to play out. And if we don't get this program in there, everything else is, sort of, uphill. There are certainly ways to do it, but it becomes much harder.

What can you tell us, in terms of where we are right now, and particularly—what I'd like to do with my 5 minutes is I'd like your pledge today to say that you will work with the interested Members of this committee—and you've already got four of them here, and Senator Domenici and others—starting this afternoon, through the end of the budget process, so that we nail down these offsets. Because this is a program that works, and it would be, I think, a terrible thing to lose this because there's a fight about the offsets. The offsets, of course, are a big deal. I can think of a lot of offsets that Republicans would hate, and a lot of offsets the Democrats would hate. I don't want to see that be where this program goes.

So, tell us where we are. And, particularly, can we have your pledge to work with the interested members of this committee, the chairs and the ranking members, both committee and subcommittee, and Senator Smith and others who are interested in this, so we can make sure the next 60 hours gets used well?

Mr. REY. Well, on the latter question first, of course you have our pledge. That's what we indicated in our testimony, that we would work with the committee to find offsets.

In terms of where we are, I'm, I guess, at the same disadvantage that everyone else is, that I haven't seen the draft work product that the chair of the Budget Committee will shortly produce.

Senator WYDEN. What does the chair tell you about this program and any offsets?

Mr. REY. In our proposal, the program is partially offset already. The 2006 expenditures are already offset, since they are included in the budget baseline from previous years. And, as I understand it, the BLM portion of the program is also offset. So the "find," if you will, is somewhat smaller than the entirety of the program. We're talking about finding offsets for the Forest Service component of the program for fiscal year 2007 and beyond, which is a little more than half of what the cost of the program is, if I recall correctly.

I have not had any recent communications with the Budget committee. That is to say, within the last week or so. I understand, from communications prior to that time, that there was considerable support among some of the Members of the Budget committee for making sure that this program carried forward.

Senator WYDEN. How do you think that we ought to tackle this? Do you have some ideas for additional offsets?

Mr. REY. I have a couple, but I'd prefer to wait and see what the chairman's mark looks like, as it's developed, to see what kinds of offsets they have in mind.

Senator WYDEN. Who do you want us to work with at the Forest Service so that when I bring the tuna fish and we're sitting there over the next 60 hours trying to work this out, we know who we ought to be dealing with?

Mr. REY. It would be either myself or Dave Tenny, my assistant.

Senator WYDEN. Okay. And you've already basically said it, you'll give us the time we need, starting this afternoon, tonight, and through tomorrow and Thursday, so we can get this done.

Mr. REY. Correct.

Senator WYDEN. All right. I appreciate it. I may have some additional questions for you all, for the record. And Senator Bingaman has brought up issues I know he feels strongly about, and I want to work closely with him. Senator Smith is here. We have seen the value of this program; and out in Oregon people are talking who basically wouldn't show up in a room together, as a result of this law. So let's use our time this week to get this program off to a good start.

Thank you, again, for all the cooperation you've shown us. This is a textbook case of how it ought to work, and we look forward to getting this done.

Thank you, Mr. Chairman.

Mr. REY. Thank you, Senator.

Senator CRAIG. Ron, thank you. I was planning to attend those meetings, until I found out you were only bringing tuna fish.

Senator WYDEN. Well, we'll have the Craig special.

[Laughter.]

Senator CRAIG. All right.

Now let me turn to Senator Bingaman.

Senator BINGAMAN. Thank you, again, Mr. Chairman.

Again, I support the effort to move ahead with the legislation, and appreciate your willingness to look for offsets.

I do have a question, Mr. Kearney, about the position that you're taking on another issue, which is not the subject of this hearing, and that's the Payment in Lieu of Taxes bill that I raised with you before. In September 2003, you testified then that "The position"—

this was speaking on behalf of the Department of the Interior—"Our position in the bill remains unchanged. The administration strongly supports PILT and RRS programs, and views them as a high priority. But the administration is opposed to the bill, because it would force the Federal Government to either raise taxes or cut into other programs."

You take that view on PILT, and you take a very different view on this county payments bill. I'd just be interested in your explanation of why the difference.

Mr. KEARNEY. Senator, in the particular case of this legislation, there is clearly an issue with its cost in the current situation, and that's why we would be interested in working with the committee to address it through offsets.

In the case of—and we have also had a clear and—statement of a commitment to addressing the PAYGO principles in conjunction with the budget.

In terms of the PILT legislation, at that time, the issues then, as now, covered a great number of matters that did not allow us to easily address, in that context, an offset, and it was not part of the discussion at the time, in terms of offsets. And, in this particular case, there is a desire to attempt to identify offsets, as we indicated, and that's our position for it.

Senator BINGAMAN. Well, I guess I don't really understand. You said that, in the case of the county payments bill, there's a desire to find offsets; in the case of PILT, there was not. And that's what I said. I was asking you why.

Mr. KEARNEY. The PILT legislation is a discretionary program, and continues as a discretionary program. And so, therefore, the budget issues at question, in terms of its impacts, are of, as I stated, in terms of the various issues you have to address. In the case of the particular rural schools legislation, it was—established mandatory payment legislation that had a spending stream—you know, an offset that was established at the time. And, going forward, if it were to continue, it would be treated—it would have to be treated that way.

So there are also different budgetary treatments for each of the pieces of legislation, in terms of the way they're treated in the budget.

Senator BINGAMAN. Well, I certainly agree that there are different budgetary treatments. I still don't think that answers the question of why the administration supports one and opposes the other.

But let me move on to this other aspect of the bill. Section 204 of the county payments legislation states, quote, "The Secretary shall ensure"—and that's the phrase it uses—"shall ensure that not less than a certain percentage of the projects be implemented under separate contracts, as required by the Merchantable Materials Contracting Pilot Program."

Now, the data we've received from the Forest Service makes it appear that there's been no real effort to meet the requirements of that. Mr. Rey, maybe you're better equipped to respond to that. I believe the data shows that you haven't come close to meeting those requirements.

Mr. REY. I think the question of whether we're close to meeting those requirements has, in front of it, a misapprehension of what this program was going to be about. That misapprehension was that this program was going to result in counties' Resource Advisory Committees spending title II funds to fund commercial timber sales. Indeed, if you'll recall the rhetoric from 2000, many environmental groups were calling this bill "Clearcuts for Kids."

Indeed, in the 5 years that have ensued, few, if any, commercial timber sales have been approved by county Resource Advisory Committees. So the opportunity to use this pilot project has been severely circumscribed by the fact that that misapprehension never came to be.

In fact, there are only 100 of the 2,200—I think that's the number we're using now—projects that involve any commercial material at all. That's what the Forest Service data base would tell you. But that data base includes, as commercial material, anything that was sold for a price. So it includes, not only logs, but other products, like gravel, if a gravel deposit was discovered in the course of rehabilitating a road and there was some value to the gravel that was secondarily sold as part of the project.

Of those hundred commercial projects, we've had six where the kind of material that was removed involved logs of a size that lent themselves to this independent sort yard. The balance that had any kind of fiber material associated with them at all were projects that involved the removal of low-value fiber for the use in biomass energy facilities, or other small-diameter materials that would have deteriorated very quickly had they been handled through the second transaction required by a separate sort yard.

So if you were looking at this the way some groups were looking at it in 1999 and 2000, and assumed that a significant number of commercial timber sales would be planned for and paid for under title II, then this independent sort yard proposal would have been used a great deal more.

If you look at the situation today, and the kinds of projects that are involved in the 2200 that have been approved, what you find is a very different story. And so far we've had six projects that involved enough volume of larger diameter material such that a separate sort yard was even feasible, given the material that had to be sold.

Obviously, if you're working with small diameter material or material that's suitable only for biomass energy, you're not going to get many bidders if you pile it up someplace and say, "Come and buy it."

Senator BINGAMAN. My time is up, Mr. Chairman.

Senator CRAIG. Thank you very much, Senator Bingaman.

Now let me turn to our colleague from Oregon, Senator Smith. Gordon, we made opening statements. You can certainly do that, if you wish, and follow up with questions.

Senator SMITH. Mr. Chairman, why don't I just put it in the record?

Senator CRAIG. Without objection, it'll become a part of the record. Please proceed.

[The prepared statement of Senator Smith follows:]

PREPARED STATEMENT OF HON. GORDON SMITH, U.S. SENATOR FROM OREGON

Mr. Chairman, I appreciate your willingness to hold this hearing today on reauthorization of the Secure Rural Schools and Community Self Determination Act. I am a cosponsor of the legislation before us today, and look forward to working with my colleagues and the Administration toward reauthorization.

Over the past 15 years, there has been a crippling decline in the sale of federal timber, resulting in a corresponding decline in payments to counties. Between 1984 and 2004, for example, harvest on the Umpqua National Forest fell 99 percent. Total harvest across Oregon's national forests is only 7 percent of what it was in 1984.

I wholeheartedly support efforts to rebuild the timber economy in my state. However, stability has yet to return to that sector of our economy. As we meet here, protesters in Southern Oregon are physically blocking the harvest of charred and rotting timber killed in the Biscuit Fire—nearly three years ago. I cannot consign the schools of Josephine County, or any other county in my state, to the outcomes of such antics or the now-obligatory legal battles. Unfortunately, forest fires and safety net payments are all that my counties can count on these days from public lands. From the drought we're in, we know that fires are coming this summer. I'd like to be as certain about county payments.

I commend the Administration for recognizing the importance of this safety net—not only to states and counties, but also to the health of our public lands. I believe it is essential to marry County Payments projects with the National Fire Plan and the Healthy Forests Restoration Act. In doing so, we can leverage new sources of funds toward collaborative projects.

Thank you again Mr. Chairman for your work and leadership.

Senator SMITH. Gentlemen, thank you for being here. And I truly thank you for the very constructive approach you're taking to this issue and recognizing how important county payments are to States and counties and, I believe, even your forest health projects. I wonder if you can tell me what you're doing to marry county payments projects with National Fire Plan and the Healthy Forest Initiative efforts?

Mr. REY. I think the short answer to that is, a lot of Resource Advisory Committees are approving title II projects that involve fuel reduction work on both Federal and, to some extent, adjacent non-Federal lands. Additionally, counties have been using title III funds more and more frequently to both do fuel reduction work on non-Federal lands, but also to underwrite the cost of the development of community-based fire plans.

So the money that's being spent in title II and title III has been integrated, increasingly over the last 18 months, with the Healthy Forest Initiative and the Healthy Forest Restoration Act and, prior to that, programs under the National Fire Plan.

Mr. KEARNEY. And that's also the case with BLM, particularly in the case of the title II projects.

Senator SMITH. Great. That's very encouraging. And I know, as we look toward finding that right balance between forest protection and health efforts, with commercial harvests, and figuring out how to keep our schools open and our counties funded, you all will continue to pursue these opportunities to marry these policies, because I really think it's a win-win opportunity.

I'm also very encouraged to hear both of you this morning, I believe, indicate that, in terms of the need for offsets in the budget, that you already have identified lots of offsets within your Departments. I wonder, as a percentage of the total budget for county payments, how much would you say you have offsets for, at this point?

Mr. REY. I think in the 2006 budget proposal, just under half of the program is offset.

Senator SMITH. Already.

Mr. REY. Already.

Senator SMITH. And you might find some more, but—

Mr. REY. That's what we committed, to look at—to look for with the Budget committee.

Senator SMITH. But, clearly, we need to go, as well, and look for more offsets that we can find in the larger budgetary scheme.

Mr. REY. That's correct.

Senator SMITH. Same with BLM?

Mr. KEARNEY. The same with BLM, yes.

Senator SMITH. Mark, I note, in the Associated Press today, that ten people were arrested in Oregon for protesting the lifting of the Ninth Circuit injunction on harvesting on the Biscuit Fire area. Do you have any update on that? I mean, clearly if the Ninth Circuit, of all places, would lift an injunction, it seems to me that that suggests that the Forest Service is following all the environmental laws appropriate to this sale.

Mr. REY. On the face of it, that's what either denying the grant or, thereafter, lifting an injunction would mean. So those sales are proceeding.

Senator SMITH. Any other update that you have on that?

Mr. REY. I haven't heard what's happening out there today yet.

Senator SMITH. Okay. Well, hopefully it's peaceful and people are exercising their rights without threatening harm to any person on either side of this issue.

Mr. REY. So far, our understanding is that that's been the case.

Senator SMITH. Thank you very much, Mr. Chairman.

Senator CRAIG. Gordon, thank you very much.

Mark, you were visiting with Senator Bingaman about sort yards. Is this sort yard policy experiment one that the Forest Service is still seriously pursuing? It was something the Forest Service, during the time we were crafting this legislation was quite adamant in support of. And so, my question is, If you're still pursuing it—if so, why? And if not, why not?

Mr. REY. Well, we're pursuing it to the extent that the opportunity presents itself through the projects that the Resource Advisory Committees approve. Where there are projects that are approved by the Resource Advisory Committees that allow themselves the opportunity for the use of a sort yard, we'll meet the requirements of the statute. So far, that's been a problem, because not very many of the projects provide that opportunity.

Senator CRAIG. In prior discussions, and at the time we were formulating the Act originally, was not the sort yard concept tied, though, with other commercially valuable timber sales?

Mr. REY. As I said in response to Senator Bingaman, I think that the misapprehension associated with placing the sort yard provision into the original Act was that the county Resource Advisory Committees would approve and fund a significant number of commercial timber sales. And that has not been the case.

Senator CRAIG. Okay.

Mr. REY. I think, in anticipation of that, the discussion around the sort yard proposal revolved around the proposition that this

would be an interesting experiment to try on a pilot project basis, to see how it worked. And it may be, and it may still be, an interesting experiment to try. And we are, in fact, trying it with half a dozen or so projects. But we haven't had enough projects that fit that general profile to allow us to try it in a more robust test.

Senator CRAIG. Okay.

Mark, I have another series of questions I will submit for the record, because I have several I want to ask of Chris.

This past Friday, the agency announced a plan to pursue independent third party certification on six national forests. I'm going to submit to you a series of questions on that. As we know, large private forest companies and others have been pursuing this avenue of certification as it relates to environmental standards and all of that.

So I'm not going to ask you those questions today. I think it is important for this committee to pursue with the agency to see what your plans are in that area. So I thank you for that.

Mr. REY. Okay. Let me add one clarification to that, and then we can have a dialog subsequently.

Senator CRAIG. All right.

Mr. REY. The pilot project we announced on Friday will likely not result in the certification of six forests. What will more likely result is a comparison between what we do and what is required for certification, so that we can look at the differences as they exist. Now, if there is no difference, then, theoretically, those forests could be certified. But that's not our primary objective. Our objective is to actually look at what we're going to do under our new environmental management system and see how that squares up with the two major certification systems that exist internationally today.

Senator CRAIG. Well, I think it will be a valuable analysis. We'll look forward to working with you on it, and understanding it as we proceed. Thank you very much, and appreciate you being here this morning.

Chris, on section 2(e), you've suggested that we meet the goals of the pilot program through stewardship contracting. Could you discuss that a little more and explain how that might be done, from your perspective or the Department's perspective?

Mr. KEARNEY. Sure, Senator.

It's another, I think, valuable way to achieve what's trying to be done here. The pilot program calls for 50 percent of the contracts that include the material to include a service contract to do the logging and a separate contract to sell the timber. In the case of stewardship contracting, we generally use one contractor to do the logging, remove the material, and then sell the material in order to offset the costs of that. And that would be the way we would carry forward here. In fact, three of the BLM's projects under the act that included merchantable material have a separate contract for sale of the material. So the stewardship contracting process is an effective way to achieve the—carrying out what you're trying to achieve there.

Senator CRAIG. I see that both Secretaries have expressed concern about having to monitor title III projects. Given that we have provided over 40 million annually in title III projects, what type of oversight do you suggest the Federal Government provide to ensure

these funds are expended in the manner the law prescribes? And who, other than anybody but the Department, do you suggest we task with the duty?

Mr. KEARNEY. Well, this goes much to what Mr. Rey said earlier, in terms of—

Senator CRAIG. Well, I wanted to see if you both were on a similar sheet.

[Laughter.]

Mr. KEARNEY. My answer is the same as Mr. Rey's in this particular case. There is certainly the issue with respect to the concern about the Secretary of Treasury being able to monitor this, and how they've advised us. And so, we'd certainly be happy to work with the committee to try to find a way to clarify the way the language is described and to get at the underlying issue and concern that you have, Senator.

Senator CRAIG. Then you are of the same mind, that if the Federal Government arrives at the steps of the county courthouse and says, "We're the Government. We're here to audit you," there might be pushback at the county level?

Mr. KEARNEY. Without question, we are of that view, sir, yes.

Senator CRAIG. I think you're probably right.

All right. I see that you have coordinated your testimony on funding S. 267 with the Forest Service. And, obviously, we've been zeroing in on Mr. Rey about that. The annual budget of each of the BLM districts and the annual revenues produced on each district, we would need that information, if you can do that.

Mr. KEARNEY. We'd be happy to provide that for the record, sir.

Senator CRAIG. And a list of offsets from the BLM budget to pay for the 100 million that the BLM should be contributing to help pay for this bill.

Mr. KEARNEY. We're certainly happy to look into that for you, as well.

Senator CRAIG. Okay.

Lastly, on S. 213, the Rio Arriba conveyance, if you can't get the NEPA requirement completed within the 1 year, how long do you need?

Mr. KEARNEY. Well, Senator, in the case of the preparation of NEPA documents, with scoping and EA, that takes the better part of a year. And so, we would have a sense, at the conclusion of that process, how long. It would be inappropriate for us to estimate now how long that might take, but we'd certainly have a better sense once the EA process is complete.

Senator CRAIG. Okay.

Well, gentlemen, thank you both. We have work to do in the next week. And we appreciate your cooperation and willingness to work with us on a program that I think certainly this committee and those of us in areas of the Nation where we've seen this program at work feel that it has positive values and needs to be continued.

Thank you much.

Mr. KEARNEY. Thank you, Senator.

Mr. REY. Thank you.

Senator CRAIG. Now let me invite panel 2 to the table, Michael Francis, Wilderness Society, Washington, D.C., and Robert Douglas, superintendent, Tehama County Schools, Red Bluff, California.

Mike, again, welcome before the committee, and please proceed.

STATEMENT OF MICHAEL A. FRANCIS, DIRECTOR, NATIONAL FORESTS PROGRAM, THE WILDERNESS SOCIETY

Mr. FRANCIS. Thank you, Mr. Chairman, members of the subcommittee. I want to thank you for the opportunity to testify on S. 267, Secure Rural Schools and Community Self-Determination Reauthorization Act of 2005. That is a mouthful.

The Wilderness Society concurs with the conclusion of a recent study conducted by Boise State University that this legislation is effectively meeting the stated purposes. Payments have been stabilized, investment of Federal lands have increased, and cooperative relationships have improved since the passage of this Act.

The Wilderness Society supports the reauthorization of the law, provided it is a clean bill, with no changes except those housekeeping type of changes that are needed. We view, as an example of housekeeping changes, section 2(d) of the bill allows for reappointment and length of service of members of the committee—Resource Advisory Committees to be extended. And we think it addresses a need that has been identified by both the conservationists and the RAC members for their better operation.

The Wilderness Society, as you have already noted, has one major concern with S. 267. It is the elimination of the Merchantable Materials Contracting Pilot Program in title II. This change is problematic for three main reasons. First, it is premature to eliminate the pilot program. The program has not yet had a chance to yield results that make an informed judgment on the program. Second, the new language eliminates a requirement of current law that certain percentage of merchantable tree projects be conducted to separate contract for logging and selling of the wood. Third, giving RACs an added responsibility of requesting a pilot program would inject new and maybe needless controversy into the title II process.

As members of the subcommittee know, the Wilderness Society was originally skeptical of title II when the law was being written, believing that it could promote unsustainable development on national forests. However, based on about 6 months of research, the Wilderness Society thinks the Title's projects have been successful, so far, in achieving the resource stewardship objectives established under the law. We believe the success of title II, along with a lack of controversy about the projects, is due, in part, to the pilot program, which creates incentives for the RACs to recommend projects with the goal of conservation and restoration.

Also, we believe the program facilitates decisionmaking between the timber industry and the environmentalists, especially on projects that have originally been difficult to prove, such as fuels reduction projects.

Mr. Chairman, by all accounts, the Resource Advisory Committee process has been very successful in bringing together community members with divergent, strongly held views, helping them interact and understand and accommodate each other's needs and approaches, and helping them to work together to achieve agreement on projects proposals that benefit the community, as a whole. This

is a very considerably—considerable achievement, and should not be lost.

However, the proposed changes in the law—removing the pilot program, and the separate contracting percentage requirements—threatens to sow dissension in the ranks. Removing the break on the pilot—the break of the pilot program is likely to be perceived by some as a signal from Congress that it finds stewardship and restoration components of title II to be less than compelling.

Given the voting structure of the RACs, wherein the majority of the members of each of the three recognized categories of community of interest that's required for project approval, the proposed changes in the law could polarize RAC members, undermine the law's most impressive accomplishment, and significantly hinder the program in the future.

The Wilderness Society strongly recommends that Congress retain the current direction and definition of the Merchantable Materials Pilot Program.

Mr. Chairman, the Wilderness Society supports a clean reauthorization of the bill. We stand ready to work with the committee.

Thank you.

[The prepared statement of Mr. Francis follows:]

PREPARED STATEMENT OF MICHAEL A. FRANCIS, DIRECTOR, NATIONAL FORESTS PROGRAM, THE WILDERNESS SOCIETY, ON S. 267

Mr. Chairman and members of the Subcommittee, I want to thank you for this opportunity to testify on S. 267—the Secure Rural Schools and Community Self Determination Reauthorization Act of 2005. P.L. 106-393 has proven to be successful in stabilizing payments to rural school systems and county governments and funding many environmentally beneficial projects on national forests. We commend the members of this Committee who helped to craft this law.

The Wilderness Society concurs with the conclusion of a recent study of P.L. 106-393 conducted by Boise State University that the legislation is effectively meeting its stated purposes. Payments have been stabilized, investments in Federal lands have increased, and cooperative relationships have improved since passage of the Act. More than 85% of the eligible counties have opted to participate in the guaranteed payments program established under Title I. Title II of the legislation has funded hundreds of environmentally beneficial and non-controversial resource projects on the National Forests. Funding through Title III has allowed many counties to begin developing community fire protection plans as well as perform other important government services. The Boise State study found overwhelming support for renewal of the legislation among Resource Advisory Committee members and county officials that oversee use of the Title II and III funds.

The Wilderness Society supports reauthorization of the county payments law, provided that it is a clean bill, with no changes except for housekeeping provisions that are clearly necessary to ensure the continued success of the program. Section 2(d) of the bill apparently removes the Secretary's current explicit role in reappointing members of a Resource Advisory Committee (RAC) and removes the prohibition on non-Agriculture Department employees serving more than six consecutive years on an advisory committee. These proposed changes address a need identified by conservationists and other members of the RACs to enable them to continue their work.

The Wilderness Society's one major concern with S. 267, as introduced is the elimination of the merchantable materials contracting pilot program in Title II. Under Section 204(e)(3) of P.L. 106-393 the Secretary "shall" establish a pilot program for implementing Title II projects involving the "sale" of merchantable trees. The pilot program required that increasing proportions—up to 50% by 2006—of such projects, on a national basis, be implemented using separate contracts for (a) the harvesting, and (b) the sale, of such material, commonly known as "separating the log from the logger."

Under the proposed language in S. 267, the Secretary "may" establish a pilot program in response to a request from a RAC to establish such a program for the purpose of implementing a project proposed by that RAC.

This change is problematic for three main reasons.

First, it is premature to eliminate the pilot program: the program has not had a chance to yield enough results to make an informed judgment about the usefulness of separate contracts. The Forest Service's written response to Senator Bingaman's question at this Subcommittee's February 8th hearing that less than seven percent of the 1300 projects under Title II had any merchantable materials associated with them may indicate that the pilot program is helping to deter federal land managers from using Title II funds to conduct potentially controversial and inappropriate logging projects. If so, this is a very salutary effect.

Second, the new language eliminates the current requirement in Sec. 204(e)(3)(B) that a certain percentage of merchantable tree projects be conducted with separate contracts for logging and selling the wood. The federal land management agency would have full discretion to deny any request from a RAC.

Third, giving RACs the added responsibility of requesting a pilot program would inject new and needless controversy into the Title II process. The current RAC decision-making process requires all three subcommittees—industry, environmental, and government—to approve any projects. Under the proposed change, a request by the environmental subcommittee members for use of separate contracts on a particular project could be vetoed by either the industry or government subcommittees. That, in turn, could compel the environmental members to veto a project that they otherwise might have approved under the current law.

TITLE II

The Wilderness Society was originally skeptical of Title II when P.L. 106-393 was being written, believing it could promote unsustainable development of national forests; however, based on our research, Title II projects have been successful so far in achieving the resource stewardship objectives established under the law.

We believe that the success of these Title II projects, along with the lack of controversy about them, is due in part to the pilot program, which creates incentives for the RACs to recommend projects with the goals of conservation and restoration. Title II projects that The Wilderness Society has reviewed implement stewardship-type practices which benefit forests, as well as improve the overall health of the land. The following are a few examples of projects that we have examined:

- Late Successional Reserve Enhancement, Gifford Pinchot National Forest, Washington (2004): This project involved pre-commercial thinning located in a Late Successional Reserve, and aimed to accelerate the development of late-successional conifer habitat to benefit species dependent on this environment.
- Young Stand Density Management, McKenzie River RD, Mount Hood and Willamette National Forests, Oregon (2004): The project thinned young stands in order to maintain stand health, enhance species diversity, and provide a future source of large woody debris and shade for streams.
- North Shore Meadow Restoration, Mount Hood and Willamette National Forests, Oregon (2004): This project restored an area that had been degraded by an invasion of noxious weeds, conifer encroachment, loss of Oregon white oaks, and construction and ongoing maintenance of power lines.
- Chewaucan Watershed Monitoring, Fremont-Winema National Forest, Oregon (2002-2004): A watershed restoration and monitoring program for the Lakeview Federal Stewardship Unit in the Fremont National Forest was developed and supported by a diverse collaborative group including The Wilderness Society. The monitoring project employs a crew of eight students from Lake County, supervised by a high school science teacher and expert soil scientist, to gauge the ecological health of the Chewaucan watershed. This kind of scientific monitoring is essential to build trust and develop management plans that are based on good resource data and sound science.
- Ishi Wilderness/Mill Creek Watershed Tehama County, California: This project removed feral cattle from the watershed, by herding and fencing. The goals of removing the cattle were to improve anadromous fish habitat, seeps and springs, heritage resource sites, and hiking trails which were damaged and eroded. In the project's submission form, it states that it will improve and restore 77,290 acres of soil productivity, and 14 miles of stream/river and fish habitat.

MERCHANTABLE MATERIALS PILOT PROGRAM

There does not seem to be a clear and compelling rationale for changing the pilot program, especially when considering The Wilderness Society's findings, and a preliminary status report from the Government Accountability Office (GAO).

The Wilderness Society's review of Title II projects and pilot program projects has revealed significant support from the conservation community where the pilot pro-

gram projects we reviewed are located (all of them in Oregon and California). It is crucial to recognize and value the opinions of people involved in project implementation. RAC members representing either local, regional, or national environmental groups are in strong support of keeping the pilot program as a requirement in the new law. They believe that the program facilitates decision making between the timber industry and environmentalists, especially on projects that would have originally been difficult to approve (i.e. fuels reductions). In addition, they feel that without the program there would be greater emphasis on commercial values instead of conservation, making it more complicated to achieve any outcomes authorized by Title II. For example, the RACs may be presented with projects that would thin large natural stands that are economically more attractive than the plantations of smaller trees now being thinned. Conservationists strongly believe that the current merchantable materials pilot program will be essential to the continued success of Title II.

An interim status report from the GAO in 2003 on the merchantable materials pilot program stated that out of the approximately 1,300 forest-related projects at the time, 13 were expected to generate merchantable material, and six of those were to be conducted within the pilot program. The report stated that none of those six projects had been implemented at that time. However, our research shows that now one project has successfully been completed, and others will be completed by the end of this year. Two projects that were listed on the GAO 2003 report as "Density Reduction-Chetco" and "Westside Small Tree-Chetco" were submitted as two separate projects, and then combined into one: "Small Tree Treatment Project #111056". The status reports of these early projects are as follows (the project names have been updated since the GAO report):

- *Small Tree Treatment Project 111056*: The project is 28% completed, and consists of cutting pre-commercial and commercial (merchantable) size trees. A contract for this project was awarded two years ago (June FY03), but work was not started due to a few reasons: there was a forest fire precaution restriction, the contractor was unavailable, and then the area was too wet to operate on. The actual work by the contractor started the week of 2/22/05. The contract terminates at the end of May 2005, and the project is expected to be completed at that time.
- *Boaz Forest Health and Small Diameter Utilization #OR-116-03-03*: This project is approximately 30-40% complete, with 3 out of 9 units completed. The Medford BLM stated the project will be completed by this year, and that this project is an example they use for other projects.
- *West Side Small Tree Treatment Project 111335*: The status of this project is uncertain, due to the non-merchantable material this project is producing. The original intent of the project was to thin smaller trees, and make a fuel break along the road system. The byproduct was going to be made into mulch to leave on the ground. Miscommunication within the Forest Service led to this discrepancy, since this project was originally marked as a pilot program project.
- *Waters Creek Project 112007*: The mechanical work on this project was completed in April 2004, and the material was sold as of 2/16/05. The Siskiyou National Forest believes this project was a success.
- *Small Tree Treatment Project 114333*: This project is only 20% completed because there was a pullback of FY03 Forest Service funds necessary to implement the project (due to a redirection of funding to wildfire response). The project is currently being implemented, and the contractor is operating, with completion expected by fall 2005.

Mr. Chairman, as a matter of principle The Wilderness Society is concerned that the Forest Service has largely ignored the congressional directive to establish and monitor a pilot program. Section 204(e)(3) directs the Forest Service to establish a pilot program for the purpose of assuring that, for Title II projects generating merchantable material, a graduated percentage of such projects would be implemented using separate contracts for (a) the harvesting, and (b) the selling, of the material. The intent of the sponsors was to establish an important safeguard insulating Title II ecological restoration projects from economic incentives that could cause them to become ecologically damaging. Using separate contracts removes the profit motive from the design and placement of the project and helps retain the proper focus on restoration.

The national office of the Forest Service simply never set up such a pilot program, and has failed to assure compliance with the law's separate contracting requirements. The agency's written response to Senator Bingaman's query shows that of 88 Title II projects generating "merchantable materials," only six were implemented using separate contracting. Further, the Forest Service seems not to have institu-

tionalized consistent criteria for the term “merchantable,” thus making it difficult to evaluate on a region-wide basis which projects have generated only incidental “merchantable” materials, and which generated saw-timber or other non-incidental materials, or in what amounts. But even allowing for projects generating only incidental materials, the agency seems to have fallen far short of implementing the law.

THE ROLE OF SEPARATE CONTRACTS

When a project is implemented utilizing a single contractor for removal and sale of merchantable trees, the economics of the project are tied to the value of the trees on the stump. This situation—present in the normal timber sale—inevitably militates towards pushing the project into areas of higher commercial value and into potential conflict with ecological values.

But with separate contracts, the harvester has no incentive to remove materials of higher commercial value, since he will not be realizing any of that value, and the project can thus focus on its proper restoration mission. The existing law’s percentage requirement is a brake, allowing half of all such projects to be implemented with a single contract, but preventing the program from lurching onto a largely commercial course.

Pressures to commercialize are real, and present. One Title II project on Idaho’s Clearwater National Forest proposes to use (or has used) Title II funds to pay for the cruises of two planned commercial timber sales, totaling 22-27 million board feet. These are substantial commercial sales. Paying for them with Title II funding is out of step with the law’s purposes of maintaining existing infrastructure, enhancing forest ecosystems, and restoring and improving land health and water quality. *See* §2(b)(2). That this project was approved by the Forest Service unfortunately reinforces the perception, established by the agency’s failure to initiate a pilot program or enforce separate contracting, that the agency has not always taken the congressional direction seriously.

THE ACHIEVEMENT OF THE RACS SHOULD NOT BE LOST

By all accounts, the Resource Advisory Committee process has been very successful in bringing together community members with divergent, strongly held views; helping them interact with, understand and accommodate each other’s needs and approaches; and helping them work together to achieve agreement on project proposals that benefit the community as a whole. This is a very considerable achievement, and should not be lost.

However, the proposed changes in the law removing the pilot program and separate contracting percentage requirements threaten to sow dissension in the RACs. Removing the brake of separate contracting is likely to be perceived by some as a signal from Congress that it finds the stewardship and restoration component of Title II to be less than compelling. It is likely to increase proposals for projects generating merchantable materials—that is, for projects whose community benefit is more closely tied to cutting and selling saw-timber. And because of their perceived economic benefits, such proposals will be strongly supported by some RAC members and by some in local communities.

On the other hand, such project proposals are likely to be even more strongly opposed by RAC members for whom conservation is a more important goal. As we discussed above, given the voting structure of the RACs, wherein a majority of the members of each of the three recognized categories of community interest is required for project approval, the proposed change in the law could polarize RAC members, undermine the law’s most impressive accomplishment, and significantly hinder the program from going forward.

CONCLUSION

To address these concerns, S. 267 should be amended to restart the required merchantable materials pilot program, with a gradual increase during the reauthorization period in the proportion of merchantable materials projects using separate contracts. Congress should retain the current direction and definition of the merchantable materials pilot program. The Wilderness Society is ready to work with the Subcommittee to achieve the objectives of the program of restricting the potential abuse of commercial timber sales under Title II while not hindering fuel reduction service contracts and restoration contracts with incidental merchantable material, and other stewardship-type efforts.

The Wilderness Society strongly recommends that the current merchantable materials pilot program be retained in the reauthorization.

In closing, Mr. Chairman and members of the Subcommittee, The Wilderness Society supports a clean reauthorization of the Secure Rural Schools and Community

Self Determination Act (P.L. 106-393). We stand ready to work with the Subcommittee on our strong concerns about certain provisions of S. 267.

Senator CRAIG. Mike, thank you very much for that testimony. Now, Bob, we'll turn to you. Please proceed.

**STATEMENT OF BOB DOUGLAS, PRESIDENT, NATIONAL
FOREST COUNTIES AND SCHOOLS COALITION**

Mr. DOUGLAS. Thank you for the invitation to testify in support of S. 267. As you mentioned, my name is Bob Douglas. I'm the elected county superintendent of schools in Tehama County, California.

Since 1998, I've served as president of the National Forest Counties and Schools Coalition, a broad-based umbrella organization of over 1,100 organizations nationwide. A list of our membership is appended for your information.

Our coalition has worked closely with sponsors and cosponsors of the legislation. We are strongly supportive of S. 267, as it is currently presented. We believe the strong record of success established during the first 4 years of implementing Public Law 106-393 is a solid reason for Congress to extend this statute. This bill is a public policy success story.

The county and schools safety net under title I has resulted in the restoration and retention of programs in public schools all across rural America. From 1986 through 1999, rural forest schools were devastated by a decline of over 70 percent in forest reserve funding. Teachers were laid off. Counselors, nurses, music and art programs, field trips, elective programs, sports, and extracurricular programs were curtailed or eliminated. Some schools were forced to move to reduced instructional days or weeks, and some small isolated schools were actually closed.

For the last 4 years, title I funds, under Public Law 106-393, have restored many of those programs and prevented the closure of isolated schools that would not have survived without this support.

Likewise, the title I funds provided to counties for road infrastructure has allowed them to address the substantial maintenance and construction backlog that was created during 1986 through 1999, as well. County roads and national forest areas are under increased user pressure as urban and suburban populations expand and seek greater recreation opportunities.

All of this increased use is creating an ever expanding demand for winter snow removal, road and bridge maintenance, and new road construction. I can assure you that the title I funds for the support of county roads in the last 4 years has been put to good use. Without the continuing support of title I, the snow removal and road and bridge maintenance shortfalls of the 1980's and 1990's will return.

In summary, I would submit that title I of Public Law 106-393 has completely fulfilled its objectives; and the need for continuing this support is even greater in the next 7 years, as receipts have now declined from 70 percent to 87 percent or greater of their historic levels in the 1986 through 1990 level.

Title II of Public Law 106-393, however, is certainly the most exemplary and revolutionary contribution of this Act. This was a bold

land management initiative. Today, we have 59 active Resource Advisory Committees, representing over 150 of our largest forest counties nationally. These RACs have invested \$48.1 million in title II projects on Federal lands in 2004. To date, these RACs have, through consensus-based decisionmaking, approved 2,000 projects to improve watersheds, wildlife habitat, and reduce the risk of catastrophic fire. Simultaneously, they've created a substantial number of jobs.

Finally, title II has reduced forest management gridlock through its decisionmaking process. As I stated, over 2,000 projects have been approved. To date, no Resource Advisory Committee has disbanded or melted down due to unresolved conflict. Even more impressive is the fact that, to date, no title II project has been appealed, nor litigated.

In our view, Resource Advisory Committees are creating a new foundation and body of knowledge that will support the next generation of public land management initiatives. An indicator of this is the fact that, in each year of implementation, the RACs are bringing more partners, more funding sources, and more creative ideas to the table. Today, over 30 percent of RAC project funding in some parts of our country is coming from outside partners. The RAC projects are generally becoming more complex, treating larger areas of our national forest, and involving larger numbers of partners.

Title III has, likewise, provided funds to counties which have been invested to great advantage. Many forest counties have been able to offset the rising cost of search-and-rescue work on Federal lands. A number of counties with rapidly expanding populations are using title III funds to purchase conservation easements to complement their efforts to conserve green spaces and open spaces through their county general plans.

And in fire prevention, a large number of our counties are investing their funds in fire prevention strategies and educating citizens in safe actions.

Mark Rey mentioned that our RACs are working with our counties to develop title III funding, and are also working with title II funding to fund the implementation of these projects.

And, finally, in title III, I would mention forest-related education programs, because one of the finest examples was in the room with us today.

Basically, in summary, I would say that Public Law 106-393 is a remarkable success story. It represents public policy at its best. It is achieving its congressionally intended objectives of restoring essential rural school and county road infrastructures, creating essential forest health improving projects through title II, and educating and protecting our public, and conserving open space in our growing forest counties.

The legacy and accomplishment of Public Law 106-393 over the last 4 years has been positive and substantial. We believe, the National Forest Counties and Schools Coalition believes, that this law deserves to be, and should be, extended so it can continue to benefit the citizens of our forest counties, our public schools, and our national forests.

Thank you for the opportunity, Mr. Chairman.

[The prepared statement of Mr. Douglas follows:]

PREPARED STATEMENT OF BOB DOUGLAS, PRESIDENT, NATIONAL FOREST COUNTIES
AND SCHOOLS COALITION

Thank you for the invitation to testify in support of Senate Bill 267 to reauthorize the Secure Rural Schools and Community Self-Determination Act of 2000. My name is Bob Douglas and I am the elected County Superintendent of Schools in Tehama County, California. Since 1998, I have also served as the President of the National Forest Counties and Schools Coalition. The Coalition is a broad-based umbrella organization of over 1,100 organizations nationwide. A list of the member organizations is appended for your information. As you can see, we represent 37 states and a wide array of organizations representing county and municipal governments, school districts, school administrators, teachers, business and industry, local, state, and national Chambers of Commerce, labor unions, forest user groups, and conservation organizations. We represent the interests of 750 forest counties nationwide and over 4,400 school districts. Our Coalition has worked closely with sponsors and co-sponsors of this legislation prior to its introduction, and we are strongly supportive of S. 267 as presented. We believe that the strong record of success established during the first four years of implementing P.L. 106-393, is a solid reason for Congress to extend this statute. Few laws can present a more positive record of achievement in their initial years.

I last appeared as a witness before this Committee in October of 1999 as you were considering the Secure Rural Schools and Communities Self-Determination Act of 2000. I think it is safe to say that none of us, including myself, envisioned the level of success that was to be achieved by P.L. 106-393 over the next four years. P.L. 106-393 has in all ways surpassed our expectations.

The reasons that our Coalition supported the enactment of the Secure Rural Schools and Community Self-Determination Act of 2000 were:

1. To restore the historic 25% forest reserve payments to county schools and county governments for roads. (To meet the federal obligation under the 1908 Forest Reserve Act to support county roads and schools as essential infrastructures.)
2. To reduce political gridlock and forest management at the local level by involving stakeholders in the active management of National Forest lands.
3. To generate local employment through the creation of forest health improvement projects.
4. To improve the health of our National Forests through active management.

On all counts, P.L. 106-393 is a public success story.

The county and school safety net under Title I of P.L. 106-393 has resulted in the restoration and retention of programs in rural schools across the United States. From 1986 through 1999, rural forest schools were devastated by a free fall reduction of over 70% in Forest Reserve funding. Teachers were laid off, counselors, nurses, music and art programs, field trips, elective programs, sports, and extra-curricular programs were curtailed and/or eliminated. Some schools were forced to move to reduced instructional days or weeks, and some small isolated schools were even closed. For the last four years Title I funds under P.L. 106-393 have restored many of those programs and prevented the closure of isolated schools that would not have survived without this support. From a rural school administrators viewpoint, Title I funding and its programmatic impact has been enormously beneficial.

Likewise, as I communicate with county commissioners and county engineers responsible for road and bridge construction and maintenance, I am repeatedly told that the Title I funds provided to counties has allowed them to address the substantial maintenance and construction backlog created during the 1986 through 1999 period of plummeting 25% Forest Reserve payments. County roads in National Forest areas are under increased user pressure as urban and suburban populations expand and seek more recreational opportunities. All of this increased use is creating an ever expanding demand for winter snow removal, road and bridge maintenance, and new road construction. Title I funds for the support of county roads has been put to good use. As a school administrator for 39 years in forest counties, I can tell you that timely and dependable snow removal is a serious concern for parents, school administrators, school board members, and bus drivers. I recall stories from county commissioners and school superintendents about how regular snow removal had been drastically curtailed during the late 1980's and 1990's. Without the continuing support of Title I, the snow removal and road and bridge maintenance shortfalls of the 1980's and 1990's will return.

In summary I would submit that Title I of P.L. 106-393 has completely fulfilled its objectives, and the need for continuing this support is even greater in the next

seven years than it has been over the last four years. I say this because if the forest counties and schools had to return to support from actual forest receipts have now declined from 1986 by 87%. In 2000, when P.L. 106-393 was enacted, we had experienced a 70% decline. The need for Title I has never been greater in our rural forest schools and counties.

Title II of P.L. 106-393 is certainly the exemplary and revolutionary contribution of this Act. When Congress passed this bill most envisioned creating a mechanism wherein county commissioners would dedicate between 15 and 20% of their funds to create forest health improving projects on National Forest and adjacent lands. Those projects were to be recommended and approved by a broad-based 15-person local stakeholder group that by federal design had to reach consensus on project before recommending them to the agency for final approval. This was a bold public land management initiative. Today, we have 59 active Resource Advisory Committees representing over 150 of our largest forest counties nationally. These Resource Advisory Committees in 2004 invested \$48.1 million in Title II Projects on federal lands. To date these broad-based stakeholder committees have, through consensus-based decision making, approved over 2,000 projects to improve watersheds, wildlife habitats, and reduce the risk of catastrophic wildfire. Simultaneously, these projects have created a substantial number of jobs in local communities and made significant contributions toward community economic stability as originally intended. Finally, Title II has reduced forest management gridlock through its consensus based decision making process. As I stated, over 2,000 projects have been approved. To date, no Resource Advisory Committee has disbanded or melted down due to unresolved differences and conflict. None of us would have predicted this level of success. Even more impressive is the fact that to date no Title II Project has been appealed or litigated. No other active land management initiative in either the Departments of Agriculture or Interior can equal such a track record. The lessons we are learning about collaborative public land management and local stakeholder involvement with our public land management agencies are very powerful. In our view Resource Advisory Committees are creating a new foundation and body of knowledge that will support the next generation of public land management initiatives. While it has been enormously successful to date, in our view, the most impressive contributions lie ahead of us as we learn to maximize its potential. An indicator of this is the fact that in each year of implementation the RAC's are bringing more partners, more funding sources, and more creative ideas to the table. Today over 30% of RAC Project funding comes from outside partners. Projects are becoming more complex, treating larger areas of our National Forests and involving larger numbers of partners. Each year our RAC's are learning to partner more effectively with state, county, federal, and private entities.

Additionally, it is important to remember that critics of P.L. 106-393 predicted that RAC's once established would act irresponsibly and authorize logging in old growth and roadless areas, propose clearcuts, and generally practice non-sustainable and irresponsible forest management. Nothing could be further from the truth. The record shows that no single project has been approved under Title II that remotely approaches any of these concerns. So, one of the real collateral contributions of Title II has been the creation of trust and the reduction of cynicism in our forest counties, and that has powerful possibilities for the future. In summary, Title II is reducing gridlock, improving the health of National Forests, and is contributing positively towards economic stability—one community and one National Forest at a time.

Title III of P.L. 106-393 has likewise provided funds to counties, which have been invested to great advantage. For example:

- Many forest counties have been able to offset the rising cost of search and rescue work on federal lands. With increased recreation pressure on our federal lands, rural law enforcement is being called upon to provide search and rescue support at a rapidly increasing rate. Without P.L. 106-393 support, most counties could not meet this demand.
- Conservation Easements—a number of counties have used Title III funds to purchase conservation easements to compliment efforts to conserve green spaces through their county general plans.
- Fire Prevention—a large number of forest counties have invested P.L. 106-393 Title III funds in developing fire prevention strategies and educating citizens in fire safe actions. Since the passage of the Healthy Forest Restoration Act, over 100 counties have been actively engaged in developing Community Wildfire Protection Plans using Title III funding. These same counties will be investing Title II funds through the RAC process to implement their community wildfire protection plans through HFRA. We believe this nexus between Title II and III

of the Secure Rural Schools and Communities Act and HFRA is an example of positive synergy and effective government.

- A number of excellent forest related education programs have been established with Title III funds.

While we would concur that additional guidance and oversight is needed for Title III, we would be equally quick to add that most counties across the country have invested in projects which have made very positive contributions to public safety, fire prevention, conservation of green space and open space through easements, and forest education. A number of counties have used Title III funds to partner with public, private, and community-based/non-profit organizations to create important public service or public education/information projects. The guidance and oversight provisions recommended in S. 267 will improve the effective use of Title III funds without compromising their creative/collaborative uses.

In summary, P.L. 106-393 is a remarkable success story. It represents public policy at its best. It is achieving its congressionally intended objectives of restoring essential rural school and county road infrastructures through the Title I safety-net. Essential forest health improving projects are being created through Title II. Title II funds are being used as a catalyst to attract other federal, state, county, and private funds which allow for larger more effective forest health improvement projects. The work of the Resource Advisory Committees is building trust, reducing cynicism, and most important building the capacity in our major forest counties and the federal agencies to engage in effective stakeholder-based decision making. Forest management gridlock is being reduced one community and one forest at a time. Essential services to educate and protect our public, to conserve open space in our growing forest counties, and to plan catastrophic fire prevention in concert with the Healthy Forest Restoration Act, are being sponsored by Title III under P.L. 106-393. The legacy and accomplishment of P.L. 106-393 over the last four years has been positive and substantial. This law deserves to be, and should be, extended so it can continue to benefit the citizens of our forest counties, their public schools, and our national forests. Through P.L. 106-393 we are moving closer to restoring healthy forests and healthy communities in the forest counties of America. The National Forest Counties and Schools Coalition recommends that you support S. 267 as presented.

[The following attachments have been retained in subcommittee files:]

- A. National Forest Coalition Member List
- B. Mission Statement of the National Forest Counties & Schools Coalition
- C. The Case for Reauthorizing P.L. 106-393

Senator CRAIG. Bob, thank you very much.

Well, Mike, let me be frank with you, as I always have been in our discussions. Frankly, in saying that, I never thought that this particular day would come. And I say that most sincerely, recognizing the expressed opposition your organization placed against this legislation during its formation. But I am also not one to look a gift horse in the mouth, and I thank you most sincerely for your testimony today.

Mr. FRANCIS. I think the testimony really belongs to those people at the local level who sat down and worked out and worked on this legislation. I started the research about 6 months ago to find out what was happening, because when I got done with the project, I had other things to go on to.

Senator CRAIG. Sure.

Mr. FRANCIS. And we went through about 1,300 to 1,800 projects, looking at them and—selecting things out and looking at them. And even the most paranoid part of me couldn't find things that were really wrong with these projects. They were good projects. They had good stewardship objectives on them. They were doing things on the land, helping the land. And when you came away from it, you had to say that this really worked. And I'm the first one to eat crow on that one. This one has worked. Conservationists out there on the ground feel it has worked, too. So—

Senator CRAIG. Well, I appreciate you saying that. I think that's the general conclusion when we look at the total. I think that maybe even I could find some criticism along the way, but clearly our objectives are being met—in the broad sense and, in most instances, as you've just explained, in the particulars, in the real sense. That is extremely important, I think, for all of us.

Is there something fundamentally wrong with putting this decision in the hands of those RACs that you, yourself, have testified are working? When we talk about that, I am talking about the Pilot Sort Yard Program.

Mr. FRANCIS. I think, in theory, it probably isn't. I think, in practice, though, we might be going out and trying to do it too fast. Based on conversations with the conservation members of the community out there, they all feel strongly that this is a check—it keeps the RACs going and focusing on their objectives—and that they feel that a change like this could lead to conflict, and that they think that right now the status quo—we don't have enough information, really, to know. I am disappointed that there haven't been more projects on that. And when I looked at the results of Senator Bingaman's questions and gone over them, I find some of the projects they listed as—separating the log and the contracting—as, well, not really there. It doesn't—one of the projects is creating mulch on the forests. They're using a brush hog and mulching the forest. I don't know where the merchantable value of leaving the stuff on the forest.

And so, I don't think the Forest Service has done a good job of monitoring and knowing what's going on in the field. We don't have the information to do it. And I think the BLM person testifying explained, this is modeled after their stewardship program, and it seems to work well when it is working. And we think it should run another cycle and ask Congress to really give some directions to the administration to try to run the program, see how it works, then we can make a judgment of whether it goes. And then conservationists on the ground can make a judgment of whether this is as beneficial as they think it is.

Senator CRAIG. Well, as you know, when we passed the legislation, it was to be a ramp-up over a 5-year period, as it relates to this. And at the end of the 5-year period—you've indicated that very few of the sort yards have been tested, and that seems to be the general consensus, yet you seem to have complete faith that they'll work.

Mr. FRANCIS. I have no information whatsoever that says they won't work. We have information from the BLM that they do work, because they had been using them prior to this going on. I think I would recommend, as a minor housekeeping measure, that if Congress—and we hope they would—will continue the program, that you start the ramp-up again. We probably ought not to start where we are now, because I'll be very frank with you—the agency, in my opinion, has not done the job of getting this program out there and defining what they mean by “merchantable materials,” giving some guidance to regional foresters on how this program should be done and where you should do it. I don't think it was ever designed by its sponsors. And Senator Bingaman was one of those sponsors, so

he'd have to answer this. But to—incidental materials were never meant to be covered under something like this.

Senator CRAIG. Yes. Well, my next question, I think you have answered, as it relates to examining this and seeing its worth. And I think that's a reasonably good suggestion to proceed on. So we'll leave it at that.

Mr. FRANCIS. Thank you, Mr. Chairman.

Senator CRAIG. Bob, I don't want to belabor what I said earlier, but I want to thank you for your testimony. And I want to thank you for your coalition's involvement in the implementation of Public Law 106-393. I know you understand that the passage of it was to be a short-term safety net. And with the introduction of S. 267, we are about to cross the Rubicon on the term "short term."

In an informal survey of forest supervisors, by my staff, we've been asking them if they received more or less input from county commissioners and school superintendents on forest-related activities, now that we have been living under Public Law 106-393. Not surprisingly, to a supervisor, they have indicated they have fewer calls from county commissioners and school superintendents. And I know that you also heard my concern to Mr. Rey related to the falling Forest Service revenues—or receipts, I should say.

What specific steps would you suggest we take to improve Forest Service revenues based on your observations? And do you understand what will happen if the Treasury must continue to pick up more and more of the total cost of these programs?

Mr. DOUGLAS. Thank you, Mr. Chairman.

I would respond to the first question by saying that our coalition has asked and supported both HFRA and other measures that would lead to more active forest management on our national forests. And I think you are very familiar, and most Members of the committee are familiar, with the principles upon which this coalition was founded, both short term and long term.

We are on the record as favoring active forest management in a sustainable way. And we believe that, in fact, receipts can be generated on the national forests in a sustainable, long-term manner, and protect the ecosystem that is out there. And so, we are favorably disposed toward supporting efforts to do timely reforestation after catastrophic events.

We hope that HFRA is extended to allow for more timely reforestation and intervention in post-catastrophic events—that would certainly be an area that our coalition would encourage the Congress to further explore—to maximize the efforts under the Healthy Forest Restoration Act to essentially do forest restoration.

We believe that it's going to be very difficult, as a coalition, as you pointed out earlier, to fund long-term forest restoration at the scale that is needed in the U.S. National Forest System, off of the appropriation process. We think that some of the ability to pay for that must come from reinvesting, harvesting commercial materials off of the national forest, and putting them into the American market. Now, saying that, I would hasten to add that—within a context of long-term sustainability and ecosystem protection.

Senator CRAIG. Okay.

Now, you've testified on how well the RACs have been working. And I appreciate that. It's always good to hear that. I have visited

with several of them over the last good number of years. I've sat in the back of the room and watched the interaction that goes on. And it's always amazing to me, and gratifying. At the end, they can decide not to decide, or they can decide to decide and move forward.

At our last hearing on the implementation of Public Law 106-393, I asked Under Secretary Rey if earmarking a certain percentage of the Forest Service budget to be expended through RACs outside of existing Public Law 106-393 funds would be a good idea, and he avoided directly answering the question.

So my question to you is, If Congress were to earmark 15 percent of the Forest Service and BLM budget to be invested in Resource Advisory Committees, in the projects they've recommended, do you think that would be helpful at the local level?

Mr. DOUGLAS. I think our coalition would be supportive of that kind of a concept. We have certainly had those discussions, with both the Forest Service and the Department of the Interior in the past, and recommended that, given the success, and given the ability—a seemingly ability of Resource Advisory Committees who have resources to expend to overcome gridlock and agree—as Mr. Francis reported, and I did, too—overcome the gridlock, agree upon projects, and do that in a way that we can move forward, we believe that the concept of earmarking some portion of the agency's budget, or certain kinds of programs that would be referred to the RACs, could be a way to move forward and get some of the projects out on the national forests and BLM lands done that we all know need to be done.

Senator CRAIG. You've testified on the need for some oversight on the implementation of title III projects. And you've listened to Mark Rey's answer and explanation of the changes they would like us to consider. What are your thoughts on Mark's suggestions as it relates to title III and how they would be dealt with through the RAC system?

Mr. DOUGLAS. I think that that's an alternative that we should explore. We have not thoroughly discussed that alternative within the coalition, although I'm recalling, 5 years ago in this process, that is one of the options that was explored as the first bill was being put together.

I think, at this juncture, we know a lot more about Resource Advisory Committees and how they will function than we knew then, and certainly the counties know how the Resource Advisory Committees—so I think that's a viable alternative that needs to be explored by the coalition and by the Members of the committee.

Senator CRAIG. Thank you very much, Bob.

Mike, I want to leave you with this last thought. I have very serious concerns about your testimony suggesting that the approval by the Clearwater RAC of funding to help fund NEPA work on two commercial timber sales is out of step with the law's purpose of maintaining existing infrastructure.

First, if the RAC approved the sale, it would indicate that the projects have local acceptance. Second, nowhere in Public Law 106-393 did we indicate that timber sales would not be undertaken. In fact, the "maintenance of infrastructure" language was aimed at maintaining a forest products industry to work in our forests. And I understand that the Wilderness Society would dearly like to see

our forest products industry disappear, if you will, in most instances. But I guess I would say, please don't attempt to rewrite the legislative history of the bill by suggesting that Congress didn't want or expect the RACs to consider or undertake commercial timber harvesting. I believe, based on my experience, that nothing is further from the truth.

Would you like to comment on that?

Mr. FRANCIS. I would. First of all, I know it's easy to say the Wilderness Society doesn't like the timber industry. We are not an "end commercial logging" organization. We've never supported that part.

The reason I put that example in there—I agree with you, there's nothing in the law that says commercial timber sales are not—are prohibited or do not function. It was to point out the fact, in my statement, about the change of direction if Congress moves to eliminate the pilot program. You know, when these sales should be allowed. They're allowed. But we need to have a kind of a balance in how we do these sales to make sure there are some stewardship objectives that are still being maintained in the law.

I used the project as—if Congress sends the wrong signals, that the pilot programs aren't essential, projects like these could become—you know, could become more controversial, I think, and could cause problems. And that's why I put it in my testimony.

I agree with you, it is covered under the law. The Wilderness Society doesn't object to projects like that.

Senator CRAIG. Okay. I thank you for that clarification, appreciate it.

Gentlemen, thank you both, for being before the committee.

Let me close with this thought, because I have growing concerns that while this law is working well, it is a very large chunk of money out of the U.S. Treasury. We all know that, and that's why we're struggling, at this moment, to try to claim our place inside that budget, for all the reasons that most of you have spoken to this morning. And I think, for some of the benefits that are growing out of the relationships that weren't really seen in—by some, and by all of us in some instances, at its formation. But we have a major problem, and it is a problem of perception and reality.

There is a historic perception, on the part of Congress, that the Forest Service was a relatively self-funding organization. When we look back at the 1980's, when they were producing probably 75 to 80 percent of their revenue—yes, it went into the general fund, no question about it, but, then again, there were claims to it, and obviously it could be argued that this was a large agency, in large part supporting itself. By 1997, we were at about 50-50.

Today, gentlemen, the chart is going to look like this. And I'm doing work on it now to try to better understand it. These are receipts, and these are expenditures. About 3 to 4 percent of the total Forest Service budget is now covered by receipts. And the reality is that we're not funding the Forest Service at the levels necessary, for a variety of programs, and almost all of them deal with conservation, with water quality, and on and on and on and on and on—reforestation after fires. We play the fire game, and we steal—we borrow—it's been stealing, in the last few years, because we haven't been replacing all the money.

I think our challenge is to help the Congress perceive and understand the differences that have occurred in two decades of time, largely driven by public policy. Some I was critical of, some I'm not. But the reality is, there's been a very significant change.

The first victim of the change that was a perceivable victim was, of course, county payments. It was dollars on the ground, schools in crisis, and counties in trouble. And, of course, we've responded to that. But we haven't responded to fire, and we haven't responded to a lot of other things that are necessary out there as we struggle to get these budgets in balance. And so, because of a decline in receipts, it is very difficult, or increasingly difficult, to argue, without a broad-based perception during times of deficits and tight budgets, that we ought to sustain these levels and ask for more in areas where we know we're short, or we haven't replenished funds as a result of borrowing out of them for these catastrophic fire seasons that we've been having over the last six or 7 years.

I express that as a broad-based concern of this Senator, and, I think, of this committee, that those of us that spend more time looking at the management of our public lands than, maybe, other Senators do, and then we get to these points of budget, when we're trying to be advocates of these agencies to make sure they get the proper funding, to run it up against all kinds of excuses coming from other Senators that we're missing the point, that we're pushing money from somewhere else to fund what otherwise would have been funded, or could have been funded.

I express that simply as a closing thought, because it's the circumstance in which this Congress lives today, and will continue to live under these current relationships. And I'm not advocating, in any way, that we could effectively return to the receipts levels of the 1970's or the 1980's. That's not my point. My point is simply to argue that we've got a problem, a significant problem. Work is not being done on the ground that ought to be done, for all the right reasons. And here is one little example of some successes, but there is a much broader effort out there that needs to be undertaken, that isn't being funded.

So, your assistance in all of these areas would be greatly appreciated. You all have access to my colleagues to argue certain points. I would argue that funding of Forest Service budgets and BLM budgets is critically important for the environment and the quality of our public land management.

Gentlemen, thank you for your time and your commitment. And I appreciate your testimony before this subcommittee this morning. Thank you.

Mr. FRANCIS. Thank you, Mr. Chairman.

Senator CRAIG. The committee will stand adjourned.

[Whereupon, at 11:25 a.m., the hearing was adjourned.]

APPENDIX
RESPONSES TO ADDITIONAL QUESTIONS

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, DC, March 25, 2005.

Hon. LARRY E. CRAIG,
*Chairman, Subcommittee on Public Lands and Forests, Committee on Energy and
Natural Resources, U.S. Senate, Washington, DC.*

DEAR SENATOR CRAIG: Enclosed please find the Department's responses to the written questions from the Subcommittee hearing on March 8, 2005, regarding the reauthorization of the Secure Rural Schools and Community Self-Determination Act of 2000.

Sincerely,

MARK REY,
Under Secretary for Natural Resources and Environment.

[Enclosures.]

QUESTIONS FROM SENATOR CRAIG

Question 1. I see that you are interested in some changes in the section of S. 267 that calls for audit reports of the Title III projects. I think I understand the concept. Are you recommending that Title III funding only be used to pay for hazardous fuel reduction projects in the WUI on non-federal land?

Answer. No, we are recommending that a priority be placed on using Title III funds for hazardous fuel reduction projects. We would not recommend eliminating the other current funding categories but rather adding hazardous fuels projects as a priority. The counties would continue to determine which of the projects are funded, but could fund only projects that are recommended by RACs.

Question 2. What would the impact of that be on those counties that use Title III to repay counties for search and rescue and other police work on federal lands? Can you give us your estimate of how much of the Title III funding has been expended on reimbursement for search and rescue work?

Answer. According to a report being prepared by Jonathan Kusel of Forest Community Research, counties in California expend approximately 32 percent of Title III funds for search and rescue work. Putting priority for the use of Title III funds towards hazardous fuels projects would give the counties more options in addressing hazardous fuel conditions in the wildland urban interface however; if search and rescue or law enforcement assistance is also a high priority for county government then funding for that work is still allowable under Title III.

Question 3. During the Clinton Administration, the Forest Service pursued the concept of utilizing sort yards to market timber sales in its normal operations. Then the County Schools BM included the concept. We are attempting to find out what the outcome of the Clinton era sort yard initiative was. We understand that within P.L. 106-393, you only have six projects that might test the concept, but were there others outside the RAC process and did any of them work? What is the status of the sort yard initiative, unrelated to county schools? Are the regions still attempting to test the concept of utilizing sort yards in your normal timber sale program?

Answer. The sort yard initiative is part of the stewardship program and has been tested in a few locations. Two projects using "delivered log contracts" are included in the stewardship contracting report, "Implementation of Multiparty Monitoring and Evaluation: The USDA Forest Service Stewardship End Results Contracting Demonstration Program" for FY2003, Pinchot Institute, 2004. This report, excerpts attached, documents monitoring and evaluation of the stewardship contracting program. The evaluation found that the two "delivered log contracts" projects experienced a low bid response and contract administration costs were higher than regular

timber sale contracts. Sort yards could be used under the Secure Rural Schools Act (P.L. 106-393) and continue to be used in stewardship contracting when market conditions are suitable. The sort yard initiative has not been considered in our normal timber sale program because the contract and administration costs would be higher and there would be a greater risk to the government for loss.

Question 4. On an unrelated subject, I note that this past Friday the agency announced a plan to pursue independent third party certification on six National Forests. In the past this Administration and others have resisted the suggestion that certification be pursued. Why the change?

Answer. We are considering a field test of forest certification using six forests. Recently the Forest Service promulgated a new planning rule, which includes an Environmental Management System (EMS) creating a feedback loop to determine how well we are meeting our goals and incorporating a third party auditing process. By testing a forest certification system in conjunction with our EMS, we believe that field testing will help us better understand third party audits and strengthen our ability to introduce an effective EMS.

Question 5. What steps will the agency take to guarantee that the people who undertake the certification process are people who will provide a scientific certification untainted by political bias?

Answer. Auditors from the independent audit community whose members have experience with the certification systems and meet the impartiality standards will be used in the field test. For the EMS, the Forest Service will be sponsoring an independent certifying body that will adhere to impartiality standards. This certifying body will be a board similar to the FSC and SFI oversight boards which assure independence of auditors.

Question 6. At the end of this process if the independent third party concludes that current management is unsustainable, either due to over management or under management, will the Forest Service take immediate steps to address those problems?

Answer. We are exploring the applicability of forest certification to national forests. The purpose for conducting these tests is to identify "gaps" between Forest Service management and direction and those required by the two certification systems. Depending on the extent and content of any gaps identified, we could take a wide variety of actions that would allow conformance, or we might decide to continue with our existing management.

Question 7. If, for instance, the certification process on the Mt. Hood shows that the forest cannot be sustained without additional management, how long would it take under the forest planning process to make the changes recommended by the certification process?

Answer. We have not yet begun our testing process to determine the applicability of the forest certification process or to make any determination on what appropriate management changes would be based on third party monitoring. Any changes to the forest plan will be accomplished through our regular revision and amendment process under the new planning rule. We will be keeping the Committee informed as we learn from our testing program.

QUESTIONS FROM SENATOR BINGAMAN

S. 179, THE SIERRA NATIONAL FOREST LAND EXCHANGE ACT

Question 1. As I understand it, Shaver Lake is primarily used in the summer for fishing, sailing, swimming, boating, and other related recreational activities. Would the transfer of the Federal subsurface lands to the Boy Scouts affect the public's access to waters above those lands for these recreational activities?

Answer. Transfer will not change current recreational access. The above-surface lands to be transferred are currently under a Special Use Authorization to the Boy Scouts as part of their local camp. The public has had, and will continue to have, access to all the waters of the reservoir.

Question 2. Would this transfer affect in any way the Forest Service's mandatory conditioning authority under the Federal Power Act?

Answer. Transfer will not affect Forest Service authority in this licensing proceeding. There are other National Forest System lands within the project boundary.

Table 3.2.—PROJECTS
[Status for FY 2003]

Project Name	Leg. Auth.	Administrative Unit	State
Region 1—Northern			
Tobacco Roots	Sec. 338 ..	Beaverhead/Deerlodge NF	MT
Westface	Sec. 338 ..	Beaverhead/Deerlodge NF	MT
Butte South	Sec. 332 ..	Beaverhead/Deerlodge NF	MT
Bitterroot Burned Area Restoration	Sec. 338 ..	Bitterroot NF	MT
Sheafman Restoration	Sec. 338 ..	Bitterroot NF	MT
North Fork Big Game Habitat Restoration.	Sec. 347	Clearwater NF	MT
Three Mile Restoration Project	Sec. 347 ..	Custer NF	MT
Condon Fuels Project	Sec. 332 ..	Flathead NF	MT
West Glacier Fuels Project	Sec. 332 ..	Flathead NF	MT
Paint Emery Stewardship Demonstration.	Sec. 347 ..	Flathead NF	MT
Main Boulder Project	Sec. 332	Gallatin NF	MT
Clancy-Unionville Project	Sec. 332 ..	Helena NF	MT
North Elkhorns	Sec. 332 ..	Helena NF	MT
Alice Creek/Nevada Dalton	Sec. 338 ..	Helena NF	MT
Iron Honey	Sec. 338 ..	Idaho Panhandle NF	ID
Priest Pend Oreille Land Stewardship.	Sec. 347 ..	Idaho Panhandle NF	ID
Treasure Interface	Sec. 338 ..	Kootenai NF	MT
Yaak Community Stewardship Contracting.	Sec. 347	Kootenai NF	MT
Dry Fork Project	Sec. 332 ..	Lewis & Clark NF	MT
Judith Vegetation & Range Restoration.	Sec. 338 ..	Lewis & Clark NF	MT
Dry Wolf Stewardship Project	Sec. 347 ..	Lewis & Clark NF	MT
Frenchtown Face	Sec. 332 ..	Lolo NF	MT
Game Range	Sec. 338 ..	Lolo NF	MT
Clearwater Stewardship	Sec. 347 ..	Lolo NF	MT
Knox-Brooks Stewardship Project ...	Sec. 347	Lolo NF	MT
Red River Watershed Project	Sec. 332 ..	Nez Perce NF	ID
Meadow Face Stewardship Project ..	Sec. 347 ..	Nez Perce NF	ID
Region 2—Rocky Mountain			
Seven Mile	Sec. 338 ..	Arapaho-Roosevelt NF	CO
Mt Evans Collaborative Stewardship.	Sec. 347 ..	Arapaho-Roosevelt NF	CO
Winger Ridge	Sec. 347	Arapaho-Roosevelt NF	CO
Ryan Park/Ten Mile	Sec. 338 ..	Medicine Bow-Routt NF	CO
Upper South Platte Watershed Project.	Sec. 338	Pike-San Isabel NF	CO
Beaver Meadows Restoration	Sec. 347 ..	San Juan/RioGrande NF	CO
Southwest Ecosystems Stewardship	Sec. 347	San Juan/RioGrande NF	CO
Upper Blue Stewardship	Sec. 347	White River NF	CO
Region 3—Southwestern			
Mogollon Rim Biomass Utilization Project (formerly NF Biofuels to Energy).	Sec. 332 ..	Apache-Sitgreaves NF	AZ
Montlure/Benne Thinning and Fuels Reduction.	Sec. 338	Apache-Sitgreaves NF	AZ
Ranch Iris	Sec. 338	Apache-Sitgreaves NF	AZ
Cottonwood/Sundown Watershed Project.	Sec. 347 ..	Apache-Sitgreaves NF	AZ
Zuni-Fora Corners Sustainable Forestry Initiative.	Sec. 338	Cibola NF	AZ
Grand Canyon Stewardship Project	Sec. 347	Coconino NF	AZ
East Rim Vegetation Mgt. Project ...	Sec. 338 ..	Kaibab NF	AZ
Schoolhouse Thinning	Sec. 338 ..	Prescott NF	AZ

STATEMENT OF ANDREA BEDELL LOUCKS,
PINCHOT INSTITUTE FOR CONSERVATION

[. . .] work areas, it can be easily tailored to meet project needs (Burns Creek-R8, 2003). Others have found that it offers the most flexibility in fostering local community participation with minimal upfront costs (Foggy Eden-R6, 2003).

AGREEMENT

Four projects (9% of those reporting) indicate using some form of agreement to implement activities. For example, in the Winiger Ridge Project (R2), the Boulder Ranger District on the Arapaho-Roosevelt NF is working with the Colorado State Forest Service (CSFS) to implement cooperative agreements for treating units with poor access. This later developed into “Good Neighbor Policy” opportunities that allow the CSFS to help treat areas that are steep, with no access except by the adjacent neighbor (Winiger Ridge-R2, 2003).

OTHER

Eight projects (17% of those reporting) are using other contractual arrangements for project implementation. These include:

- *Construction contracts with product removal included.* This mechanism was chosen because it permitted concurrent completion of vegetation treatments and trail construction within a single contract (Forest Discovery Trail-R9). Also, the bulk of the complexity in the contract may refer to construction activities (e.g., bridge building facility construction, recreational improvements), with any timber extraction relatively easy to contract and convey (Dry Wolf-R1, 2003)
- *Delivered log contracts (“separating the logger from the log”).* This mechanism was chosen to experiment with removing any real or perceived incentive for a contractor to cut more trees or more valuable trees than necessary to achieve a prescription. The service contractor bids and is paid on a per acre basis for on-the-ground activities. Any trees removed are sold separately, and—the receipts are retained and used to pay service contract costs (Paint Emery -R1, 2003).

3.7 Process Review: Contractor Selection

3.7.1 The Bidding Process

Despite a high level of initial interest on the part of local contractors, most stewardship projects have experienced unexpectedly low numbers of bids for contracts, with an average of two bids per contract solicitation (high: 9 bids, low: 0 bids per project) (Appendix E). With these low response rates, some forests have surveyed or plan to survey contractors to identify ways to clarify contracts and associated requirements (Meadow Face-R1 and Paint Emery-R1, 2003). According to some surveys’ findings, low response rates have been linked, in part, to the increased complexity of contract requirements and perceived higher risk associated with implementation.

3.7.2 The Selection Process

In FY 2003, individual projects and Local Teams also provided information on the selection criteria used by coordinators and managers to award stewardship contracts (Appendix E). Across the country, the selection criteria, ranked from most important to least important, were:

1. *Price.*
2. *Technical proposal*—generally summarizes the types and condition of equipment used, organizational structure and focus, staffing and management details, understanding of work to be performed, work schedule, and production capacity.
3. *Use of by-product*—includes contractor’s ability to manufacture and market by-products, flexibility in delivery time, assurance of weight, and ticket accountability.
4. *Past performance*—includes a narrative explaining contractor experience with logging methods, documentation of logging certificates, professional logger training, safety training, experience in merchandising, experience with similar projects, dependability, compliance with contract time, etc.
5. *Local economic benefit*—highlights the contractor’s commitment to recruiting and/or hiring subcontractors and workers from the “local” area.

These results differ slightly from previous years. For example, compared to last year, price has increased in its importance (from 2nd place in FY 2002 to 1st place in FY 2003), while past performance has slipped somewhat in award consideration (from 3rd place in FY 2002 to 4th place in FY 2003).

3.8 Funding and Costs Overview

3.8.1 Funding Overview

As in previous years, financial analysis of the program is problematic. Individual projects provided information on sources and adequacy of funds to support planning, implementation, and monitoring efforts. However, because the Forest Service does

not have standardized methods for recognizing and accounting for revenues and expenses on a project basis, most figures were presented as rough estimates.

Based on these estimated figures, minor trends continue to illustrate how projects are securing financial support for activities. Based on FY 2003 data, sources of funding for former pilots include federal appropriations, product value exchanged for services, retained receipts and cooperator contributions (Table 3.8, Appendix F). Only slight differences can be found from previous years. For example, in FY 2002 retained receipts funded more project activities than they did this year. In part, this change may be due to confusion over how best to apply the various authorities (see Sec. 62.1). National Fire Plan funding has also resulted in some projects receiving higher than average appropriated dollars or salvage rights (SWRT, 2003).

Table 3.7.—FUNDING AND COSTS OVERVIEW

[Subtitle]

	Percent of Total	
	FY2002 (N=52)	FY2003 (N=55)
Funding		
Appropriations	41%	67%
Product Exchanged for Service	20%	16%
Receipts Retained	24%	8%
Cooperator Contribution	15%	5%
Other	X	4%
Costs		
Planning and NEPA	48%	53%
Service Contract	16%	17%
Contract/Sale Preparation	23%	15%
Contract/Sale Administration	10%	3%
Citizen Involvement	2%	3%
Monitoring and Evaluation	1%	2%
Other	X	7%

3.8.2 Costs Overview

A review of FY 2003 cost data, coupled with results from previous years, highlights trends in cost parameters and potential financial obstacles for projects (Table 3.8, Appendix G). Planning and NEPA continue to be the highest costs for projects, followed by individual service contracts, and contract/sale preparation. Once again, these trends mirror those detected in FY 2002. Some of these costs, particularly those associated with NEPA compliance, appear high due to the fact that some analyses and associated processes often cover areas that encompass many projects, not just anticipated treatment acres within the stewardship contracting project itself.

3.8.3 Cost Comparisons

Because of differing project sizes and complexities, in addition to a reliance on estimated figures, financially comparing project efforts to one another is not a useful exercise. However, project-specific comments offered by coordinators and Local Teams can be used to discuss the impacts of new authorities on cost savings or inflation. As can be expected, a variety of experiences have been had due to the diverse nature of project activities, funding mechanisms, and contractors involved.

ADMINISTRATION COSTS

Several projects have found that the proper use of the expanded authorities has resulted in significant cost savings to the government, including savings in project administration. For example, the Winiger Ridge Project (R2) found that “. . . because a contract utilizing designation by description does not carry the detail of a precise cruise for volume and appraisal for value, there is a saving of money and time in preparation of the contract.” The Forest Discovery Trail (R9) also found that through “. . . a combination of construction and timber sale contracts, thus avoiding a separate timber sale contract, costs were saved of advertising pre-bid showing and some contract administration costs.” Other projects have found that specific elements of stewardship contracting (e.g., trading goods for services) leave accountability requirements for tracking bonds and timber sale statements of accounts (TSSA) at a much simpler and more manageable level (Seven Mile-R2, 2003).

However, some projects have found that the costs of administering a stewardship contract have been higher, particularly when compared to the use of a traditional timber sale. Contract administration for stewardship contracting projects involving both service and timber sale contract elements require that personnel be certified as both timber sale administrators and contracting officer's representatives. As such, training costs are often much higher for the administration of these projects (Sheafman Restoration-R1, and Paint Emery-R1, 2003). Contract administration teams have also had to maintain a presence on a job site during all contractor working hours because of an increased need for accountability (Paint Emery-R1, 2003). Bundled services, using subcontractors, also require more coordination by administration personnel (Paint Emery-R1, 2003).

Several other projects have found that there was little to no difference in administrative costs associated with these innovative mechanisms as compared to more traditional contracts (Southwest Ecosystems-R2, Burned Area-R1, Montlure Benny-R3, First Thinning Loblolly-R8, 2003).

IMPLEMENTATION COSTS

Some projects have seen direct savings in the implementation of a project. For example, in the Grand Canyon Project (R3) "*. . . the goods for services contracted was [sic] \$100 less (per acre) than comparable contracts without goods for services.*" However, the value of wood harvested has not always offset the entire cost of thinning (Grand Canyon-R3, 2003). The Wayah Contract Logging Project (R8) found cost savings through facilitation of on-site changes as needed (Wayah Contract Logging-R8, 2003).

MONITORING COSTS

Monitoring requirements were also identified as an additional expenditure typically not required within a standard service contract or traditional timber sale (Montlure Benny-R3, First Thinning Loblolly-R8, and Paint Emery-R1, 2003). As such, the monitoring component of stewardship contracting elevated costs over those projects utilizing more traditional contracting or agreement mechanisms.

DEPARTMENT OF THE INTERIOR,
OFFICE OF CONGRESSIONAL AND LEGISLATIVE AFFAIRS,
Washington, DC, April 15, 2005.

Hon. LARRY E. CRAIG,
Chairman, Subcommittee on Public Lands and Forests, Committee on Energy and
Natural Resources, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Enclosed are responses prepared by the Bureau of Land Management and the U.S. Geological Survey to questions submitted following the March 8, 2005, hearing on S. 213, "To direct the Secretary of the Interior to convey certain Federal land to Rio Arriba County, New Mexico;" S. 267, "To reauthorize the Secure Rural Schools and Community Self-Determination Act of 2000;" and S. 485, "To reauthorize and amend the National Geologic Mapping Act of 1992."

Thank you for the opportunity to provide this material to the Subcommittee.

Sincerely,

JANE M. LYDER,
Legislative Counsel.

[Enclosure.]

QUESTIONS FROM SENATOR CRAIG

S. 267

Question 1. On S. 267 if you found one of your BLM districts had not contributed 50% of the O&C revenues to help fund P.L. 106-393 what steps would your agency take?

Answer. The BLM districts do not play a role in the contribution of revenues in connection with Public Law 106-393 because all revenues derived from O&C sales are transmitted directly to the BLM's National Business Center located in Denver, Colorado. Upon receipt of these funds, the National Business Center then deposits the revenues from the O&C lands into Treasury account 14-5882, the Oregon and California Land-Grant Fund, and from the Coos Bay Wagon Road lands into Treasury account 14-5897, the Coos Bay Wagon Road Fund.

Question 2. What auditing mechanism does the BLM have in place to ensure that the correct contributions have been made?

Answer. On an annual basis, the Department's Office of Inspector General contracts with an independent certified public accounting firm to audit the BLM's financial statements for each fiscal year. The most recent audit audits were performed by KPMG LLP for fiscal years 2003 and 2004. The contract required that KPMG conduct its audit in accordance with U.S. generally accepted government auditing standards; Office of Management and Budget Bulletin 01-02, as amended, Audit Requirements for Federal Financial Statements; and the Government Accountability Office/President's Council on Integrity and Efficiency's Financial Audit Manual.

FY 2004 was the 10th consecutive year that the BLM received a clean audit report.

Question 3. Can you provide the Committee with evidence that such an audit has been completed for each year since 2000?

Answer. The "Independent Auditors' Report on the BLM's Financial Statements" for each fiscal year is published in the BLM Annual Report for that fiscal year. The BLM's Annual Audit Reports for the period you requested are attached.

S. 213

Question 4. Are you suggesting that you might not support the conveyance of all 150 acres, or that you may not support that portion that does not apply to provisions of the Recreation and Public Purposes Act?

Answer. As noted in our testimony, the Department supports the conveyance set forth in S. 213. However, we believe the bill should be amended to protect valid existing rights, and we recommend some technical clarifications. We would be happy to work with the Subcommittee and the sponsors on these recommendations.

QUESTIONS FROM SENATOR BINGAMAN

S. 267, THE SECURE RURAL SCHOOLS AND COMMUNITY SELF-DETERMINATION ACT

Question 1. List all BLM-approved Title II projects that involve(d) the sale of merchantable material.

Project Name	BLM District	Year of Approval	Implement in Fiscal Year
Southern Flame Density Management.	Salem	2002 & 2003 ..	2006 or 2007
Thomas Creek LSR Young Stand Management.	Salem	2003 & 2004 ..	2005 or 2006
Thomas Creek LSR Variable Density Thinning.	Salem	2002 & 2003 ..	2005 or 2006
<i>Matchbox</i>	<i>Lakeview</i>	<i>2003</i>	<i>2004</i>
Boaz Forest Health & Small Diameter Utilization.	Medford ...	2002	2003
Beck Road White Oak Release	Salem	2002 ¹	2003 or 2004
<i>Galesville LSR Enhance./Small Dia. Removal.</i>	<i>Medford</i> ...	<i>2002 & 2003</i> ..	<i>2004</i>
Upper Umpqua Forest Habitat Improvement.	Roseburg	2003	2004
<i>Smith River Stream Habitat Improvement.</i>	<i>Roseburg</i> ..	<i>2003</i>	<i>2004</i>
Shivley Creek LSR Habitat Improvement.	Roseburg	2003	2004 or 2005
Penny Stew (aka Scattered Apples) ..	Medford ...	2004	2005
Nestucca Jane Creek Restoration	Salem	2004	2005 or 2006

¹ The project was not recommended by the RAC for Phase II (Implementation)

Question 2. Which of the projects referred to above utilized separate contracts for the harvesting or collection of the merchantable material, and for the sale of such material?

Answer. Matchbox, Galesville LSR Enhancement, and Smith River Stream Habitat Improvement (in bold) were selected as BLM Title II—Pilot Projects where separate contracts were utilized to harvest and sell the merchantable material.

S. 485, THE NATIONAL GEOLOGIC MAPPING REAUTHORIZATION ACT

Question 1. Your statement referenced mapping groundwater resources. What is the extent of the hydrogeologic mapping under this program?

Answer. Geologic maps provide critical surface and subsurface information needed to properly describe the geometry and extent of ground water aquifers. While all geologic maps can be used for multiple purposes, each year we discover that more geologic mapping projects are designed to address ground water issues and answer critical hydrogeologic questions. Approximately 60% of the budget of the National Cooperative Geologic Mapping Program (NCGMP) is spent on projects primarily interested in ground water issues. One excellent example of federal/state geologic mapping cooperation has been underway for the past decade in the sedimentary basins underlying Albuquerque and Santa Fe, New Mexico. Both the USGS and the New Mexico Bureau of Geology and Mineral Resources have produced over 125 geologic maps, and several regional aeromagnetic maps that show many faults in the subsurface that were unrecognized before, and which have a major influence on the extent and flow of ground water. All of these products are being used to create a model of the ground water system(s) in these basins. These models in turn are being used by the New Mexico State Engineer's Office and the water offices in both Santa Fe city and Santa Fe County. This information is used by water managers to make decisions about future water need and use.

Question 2. Are there many high priority areas remaining to be mapped? Are you continuing to identify new areas to be mapped? How does the process of identification work?

Answer. Roughly 25% of the Nation has been mapped geologically in modern times, and many new areas are being identified as needing geologic mapping. Therefore, NCGMP must prioritize the geologic mapping that we do. Several important prioritization processes are used. As required in the National Geologic Mapping Act, every state geological survey that receives NCGMP funds through a competitive grant process must assemble a State Mapping Advisory Committee. These committees are broad-based and contain a spectrum of government officials, private sector consultants and businesses, university professors, water and health officials, etc. Over 500 people in 47 states are currently serving on State Mapping Advisory Committees. These experts help each state geological survey write a long-range geologic mapping plan and set priorities for new geologic maps. While the USGS Fedmap projects consider suggestions of these important State committees, we employ additional procedures to align our regional mapping efforts with Federal priorities. We coordinate our planning with our closest partners in the USGS Ground Water Resources Program, the National Park Service (NPS), the Bureau of Land Management and the U.S. Forest Service. For example, the NPS (particularly the Geologic Resources Division) routinely prioritizes national parks in need of geologic mapping to address resource management issues. Using this prioritized list of parks, and determining where USGS and NPS can best leverage resources, NCGMP has produced geologic maps in over 40 national parks since passage of the National Geologic Mapping Act in 1992. Similar procedures are used with other sister agencies in the Federal Government.